East Lothian Council

MINUTES OF THE MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE

TUESDAY 21 SEPTEMBER 2021
VIA DIGITAL MEETINGS SYSTEM

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Committee Members Present:
Councillor J Henderson (Convener)
Councillor A Forrest
Councillor K McLeod
Councillor S Currie
Councillor K Mackie
Councillor J Williamson

Council Officials Present:
Ms M Patterson, Chief Executive
Ms S Fortune, Executive Director for Council Resources
Mr D Proudfoot, Executive Director for Place
Ms L Brown, Executive Director for Education and Children's Services
Mr T Reid, Head of Infrastructure
Ms S Saunders, Head of Communities
Ms M Sullivan, Head of Development
Ms W McGuire, Head of Housing
Ms M Ferguson – Head of Council Support
Mr D Stainbank, Service Manager – Internal Audit
Mr P Vestri – Service Manager – Corporate Policy & Improvement
Ms C McCorry, Service Manager – Connected Communities
Mr J Coutts, Service Manager – Community Housing & Homelessness
Ms A Glancy, Finance Manager – Corporate Accounting
Mr S Kennedy, Emergency Planning, Risk and Resilience Officer
Mr S Allan, Senior Auditor
Miss R Crichton, Committees Officer

Clerk:
Miss F Currie

Visitors Present:
Ms G Woolman, Audit Scotland
Mr M Duff, Audit Scotland

Apologies:
Councillor C Hoy
Councillor G Mackett

Declarations of Interest:
None

1. MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE MEETING ON 15 JUNE 2021

The minutes of the Audit and Governance Committee meeting held on 15th June 2021 were approved.

2. EAST LOTHIAN COUNCIL ANNUAL AUDIT REPORT - UPDATE

Gillian Woolman, Audit Scotland, provided Members with an update on the 2020/21 Annual Audit Report. She advised that the final report would be presented to the Committee at its meeting on 30th November 2021. In confirming this further delay, she outlined some of the challenges faced during the year as well as the cumulative impact of the delay from completion of the previous year's audit work. She thanked the Council for prioritising completion of its financial statements for 2020/21 which had been provided in very good time and to pre-pandemic timescales. She added that the quality of the audit work was also important and had required a greater investment of staff time this year.

Ms Woolman concluded by referring to the consultation on the planning guidance for the 2021/22 audit work, which included a delay to the proposed completion date. She also outlined two areas which may impact on future audit work.

Ms Woolman responded to questions from Members. She advised that consultation was underway on timings for completion of the 2021/22 audit work and it was possible that the proposed completion date of 31 October 2022 may also slip back. She said that Audit Scotland was trying to mitigate as far as possible but reports on wider issues were often valued by local authorities and other bodies, and it was a difficult balance to strike. She outlined the process of internal and external review undertaken by Audit Scotland and confirmed that there continued to be regular engagement with Council officers throughout the process. While findings were discussed at weekly meetings with officers she acknowledged the concerns expressed that audit findings reported at a later date may be of limited value. She agreed to relay these concerns to Audit Scotland.

Sarah Fortune, Executive Director for Council Resources, advised that Council officers worked pragmatically with Audit Scotland throughout the process from the planning stage to managing the audit and completion of the final report. She reassured Members that any material issues identified in the course of the audit would be brought to their attention in a timely fashion and not left until publication of the final report. In the meantime, issues would continue to be highlighted in the quarterly financial reports to Council and risks and control measures regularly reviewed, updated and reported to this Committee.

Councillor Currie welcomed the update and said he was reassured to note that the scrutiny functions had not ceased or been diminished in any way during the pandemic. He suggested that the Council's risk register may need updated as this delay was an additional risk and he noted that 30th November 2021 was a backstop rather than an aspirational date for completion of the report.

The Convener thanked Ms Woolman for the update.

3. INTERNAL AUDIT REPORT – SEPTEMBER 2021

A report was submitted by the Service Manager – Internal Audit informing the Committee of Internal Audit reports issued since the last meeting of the Committee and providing an update on the progress made against the 2020/21 annual audit plan.

Duncan Stainbank, Service Manager – Internal Audit, presented the report outlining the purpose of the audits and indicating that as a result of this work an assessment of 'moderate assurance' had been given on Non-Domestic Rates Reliefs & Recovery; and an assessment of 'reasonable assurance' had been given on Partnership Funding and Council Tax Reliefs & Recovery. The Scottish Housing Regulator Annual Assurance Statement had not been graded but further details on this would be covered in Agenda Item 5. He summarised the main findings of the audits, highlighting areas where controls were met and those with scope for improvement. Officers then responded to questions from Members.

Non-Domestic Rates Reliefs & Recovery
Mr Stainbank advised that an interim process of quality assurance checks would be put in place as soon as possible but the completion date in the action plan reflected the need for systems development to support a more permanent change to recording and reporting. Work was also underway on the other recommendations and it was expected that this would be completed by the dates specified. He also advised that approval of the new policy had been delayed due to the Barclay review, and subsequent implementation within legislation and further impacted by the pandemic. However, the intention would be to bring this policy forward for approval in the near future and he would confirm whether this would be through Cabinet or Council.

Mr Stainbank explained that there was a hierarchy of risk associated with reviews of entitlement to reliefs and exemptions, with those deemed lower risk taking slightly longer than others. However, all reviews were completed as and when necessary.

Council Tax Reliefs & Recovery
Mr Stainbank advised that during the pandemic there had been a deliberate shift from recovery action to providing advice and assistance to the public to ensure they had the appropriate reliefs in place. While recovery work was re-commencing, the Council was mindful of the need to avoid pressurising those who were already under financial strain. While Council Tax arrears had gone up slightly in the past year, he emphasised that the Council's actions should be appropriate to its needs but also take account of circumstances more widely.

Ms Fortune pointed out that year on year the Council's Council tax revenue continued to grow as the population in the county increased. The level of arrears, although increased, remained a relatively small proportion of the revenues received. While COVID-19 had definitely had an impact, the team continued to prioritise and work with individuals to recover monies due where they were able to do so.

Councillor McLeod said that he was concerned about the level of arrears accrued prior to the pandemic and was surprised that the increase over the past year had not been higher. However he maintained that increasing staffing in the team should be considered; either to assist with preventative measures, such as advice and support, or to deal with recovery of monies owed.

Mr Stainbank referred Members to Appendix 2 of his report which outlined the findings and recommendations from the assurance review of Low Income Pandemic Payments

(LIPPs). He provided some background to the review and said that while controls were working effectively, the recommendation reflected the inherent fraud risk.

In response to a further question, Mr Stainbank clarified one of the findings from the assurance review of the LIPPs process which related to client bank accounts.

Decision

The Committee agreed to note:

i. the main findings and recommendations from the Internal Audit reports issued during the period from July 2021 to September 2021; and

ii. Internal Audit's progress against the annual audit plan for 2020/21.

4. REVISED INTERNAL AUDIT PLAN 2021/22

A report was submitted by the Service Manager – Internal Audit informing the Committee of Internal Audit's revised operational plan for 2021/22.

Mr Stainbank presented the report outlining the background to and the factors involved in preparing the revised plan. He said that reactive work may continue to impact heavily on Internal Audit's ability to complete the plan and contingencies had been built in, although it was difficult to predict the level of additional work required.

Mr Stainbank responded to a question from Councillor Williamson providing further detail on the risk based approach to audit assignments.

Replying to questions from Councillor McLeod, Tom Reid, Head of Infrastructure, and Wendy McGuire, Head of Housing, provided further information on the likely content and scope of the planned audits on capital projects and housing ALEO East Lothian Mid-Market Homes.

In reply to a question from the Convener, Mr Stainbank confirmed that Internal Audit was currently adequately resourced to deal with the planned audit work but that this, and any risk to delivery of the plan, would continue to be kept under review. If required, the plan would be brought back to the Committee for further revision.

The vote was taken by roll call and the recommendation was approved unanimously.

Decision

The Committee approved the revised Audit Plan for 2021/22.

5. HOUSING ANNUAL ASSURANCE STATEMENT

A report was submitted by the Executive Director for Place reminding the Committee of the requirements contained in the Scottish Housing Regulator's regulatory framework and seeking approval for East Lothian Council's Annual Assurance Statement.

James Coutts, Service Manager – Community Housing & Homelessness, presented the report outlining the background to the regulatory framework and annual assurance statement. He advised Members of the continuing impact of COVID-19 on the Council's compliance with the regulatory framework in respect of gas safety checks in the financial year 2020/21 and the first quarter of 2021/22. He also highlighted the future challenges faced by the Council in meeting its statutory obligations resulting from the forthcoming change to fire alarm system requirements for residential properties and the updated homeless person's Unsuitable Accommodation Order (UAO). He confirmed that the Scottish Government had been made aware of the situation relating to the UAO and that the Council would continue to deliver housing services as fully as possible, in line with public health regulations.

Mr Coutts replied to questions from Members. He confirmed that other local authorities, including Midlothian and Edinburgh, were facing similar challenges in relation to the UAO and that a number of factors impacted on the Council's ability to meet its obligations. He also advised that information on the new fire alarm system requirements and householder's responsibilities would be included in the next issue of Living magazine and on the Council's website. Mr Coutts explained that conversations were taking place with the Scottish Government and the Scottish Housing Regulator around the Council's delivery of its rapid rehousing plan would that it would take the full lifespan of the plan to achieve its ambitions. In the meantime, an independent review of the deliverability of the plan was being carried out which would provide information and assurance, as well as an indication of whether the completion date of 2024 remained realistic.

Ms McGuire added that work had begun on a framework looking at local housing needs across the county. She did not think the Council could ever reduce the housing waiting list to zero but she hoped that this new framework would help to inform the development of the new Local Development Plan (LDP2).

In response to a question from Councillor McLeod on ensuring access to Council properties to install new fire alarms, Mr Coutts advised that that officers would continue to engage with tenants to understand their concerns and ultimately to agree entry to properties. Forcing entry would always be a last resort.

Councillor McLeod accepted that forcing entry should always be a last resort but emphasised that Council houses were Council assets. He did not want to see the Council held responsible for the failures of a tenant who would not allow access.

Councillor Currie wished to record his thanks to colleagues in the Housing teams who had been on the frontline during the pandemic and who had continued to deliver services in the most difficult circumstances. Referring to the legislative changes and the forthcoming end of furlough and the additional Universal Credit payment, he said that the situation was set to become even more challenging over the coming months. It would therefore be more important than ever for Members to offer what support they could to colleagues in the delivery of housing services.

Councillor Forrest welcomed the report and added that, as a Council tenant, he felt it demonstrated the level of work being done to ensure tenant safety. He also agreed with Councillor McLeod regarding access to properties and he hoped that the information included in Living magazine and on the website would generate a positive response.

Recommendation iii was approved unanimously by roll call vote and all other recommendations were approved by general agreement.

Decision

The Committee agreed to:

i. note the regulatory framework and the requirement for the Senior Internal Auditor to sign-off the Annual Assurance Statement (AAS) on behalf of the Council;

ii. note that the regulatory framework requires the submission of the AAS no later than the 31st October 2021. The AAS must highlight any areas of non-compliance that relate specifically to the impact of the Covid-19 pandemic;

iii. approve the Annual Assurance Statement noting that East Lothian Council was partially compliant with the regulatory requirements for the financial year 2020/21 and was partially compliant for the first quarter of 2021/22, limited to the Council's ability to effect gas safety checks when tenants were either shielding, self-isolating or otherwise refusing to engage during the height of the pandemic; and

iv. note the Council's position with regard to future compliance with the forthcoming extension of the Homeless Person's (Unsuitable Accommodation) (Scotland) Order 2020 and the challenges being posed in regard to meeting the legislative deadlines around interlinked fire alarms and electrical safety checks.

6. DEVELOPMENT RISK REGISTER

A report was submitted by the Chief Executive presenting to the Committee the Development Risk Register for discussion, comment, and noting.

Scott Kennedy, Emergency Planning, Risk and Resilience Officer, presented the report outlining the background to the register and the arrangements for assessment and review of ongoing risks. He informed Members that the register included 1 High, 4 Medium and 8 Low Risks. As per the Council's Risk Strategy, only the High risk was being reported to the Committee.

Douglas Proudfoot, Executive Director for Place, replied to a question from the Convener on the need for changes to the Development Risk Register in light of COVID-19. He outlined the current framework of project specific risk registers which underpinned the main register and confirmed that substantial changes would be required to the Council's development strategy and the associated risk registers in order to drive the recovery programme in the medium to longer term.

Michaela Sullivan, Head of Development, added that discussions had taken place across the service culminating in the creation of a separate Housing Risk Register which would allow for more detailed scrutiny of risks and monitoring processes.

Decision

The Committee agreed to note the Development Risk Register and in doing so, noted that:

i. the relevant risks had been identified and that the significance of each risk was appropriate to the current nature of the risk;

ii. the total profile of the Development risk could be borne by the Council at this time in relation to the Council's appetite for risk; and

iii. although the risks presented were those requiring close monitoring and scrutiny over the next year, many were in fact longer term risks for Development and were likely to be a feature of the risk register over a number of years.

7. HOUSING RISK REGISTER

A report was submitted by the Chief Executive presenting to the Committee the Housing Risk Register for discussion, comment, and noting.

Mr Kennedy presented the report outlining the background to the register and the arrangements for assessment and review of ongoing risks. He informed Members that the register included 1 Very High, 10 High, 10 Medium and 1 Low Risk. As per the Council's Risk Strategy, only the Very High and High risks were being reported to the Committee.

Ms McGuire and Mr Coutts responded to questions from Members on the changes to legislation relating to short term lets and their impact on the availability of housing stock; assessing the viability of sites for housing across the county; additional funding for housing projects and factors impacting the housing modernisation programme.

Mr Proudfoot agreed to discuss further with Councillor Williamson his concerns regarding the sale of potentially viable sites for housing in the Wallyford area.

Decision

The Committee agreed to note the Housing Risk Register and in doing so, noted that:

i. the relevant risks had been identified and that the significance of each risk was appropriate to the current nature of the risk.

ii. the total profile of the Housing risk could be borne by the Council at this time in relation to the Council's appetite for risk.

iii. although the risks presented were those requiring close monitoring and scrutiny over the next year, many were in fact longer term risks for Housing and were likely to be a feature of the risk register over a number of years.

8. LOCAL GOVERNMENT IN SCOTLAND: OVERVIEW 2021 (ACCOUNTS COMMISSION, MAY 2021)

A report was submitted by the Chief Executive reviewing the Accounts Commission report, *'Local Government in Scotland: Overview 2021'*.

Paolo Vestri, Service Manager – Corporate Policy & Improvement, presented the report advising that the overview was based on the findings of local authority audit reports which continued to be dominated by the impact of COVID-19. He outlined the 3 key themes of the report and highlighted the case study examples of good practice, one of which was East Lothian Council's Connected Communities Resilience bases.

He also referred to the 7 lessons learned, as identified in the report, and how these had been taken on board by the Council in its response to the pandemic.

Responding to a question from Councillor Currie, Mr Vestri said he was not aware of any plans for a follow-up report but that next year's general and financial overview reports would continue to reflect the impact of COVID-19. In the meantime, the Council was continuing to identify lessons learned and to consider how best to reflect these in its plans for recovery and renewal. When the Council moved on from response mode there would be structured de-brief sessions for the Council Management Team and Elected Members. Mr Vestri acknowledged that the financial impact of COVID-19 would continue to be felt for several years and that this would have to be factored into forthcoming budget-setting and medium-term financial planning.

Ms Fortune added that the financial situation was hugely complex and it would be a number of years before the Council would be back to normal. She referred to a document from CoSLA which set out all of the COVID-related funding streams and the Council's own internal tracking processes which were updated regularly to help manage the in-year position and to inform future year budgets and pressures. She said that funds were still coming through from both the UK and Scottish Governments and that this remained a very complicated area of finance.

The Convener requested that Members receive clear notification of any future structured de-brief session to ensure a high level of attendance. She said that she had not been fully aware of the session on the previous date. Mr Vestri said that this had been identified as a learning point from the previous session and that arrangements would be put in place to involve as many Councillors as possible in the future session.

Decision

The Committee agreed to:

i. note the findings and key messages in the Accounts Commission report, Local Government in Scotland: Overview 2021;

ii. note the case studies used in the report to illustrate the good practice that was developed by councils including East Lothian Council in response to the COVID-19 pandemic;

iii. note the seven lessons learned highlighted by the report and that the Council is already taking on board these lessons as it continues to respond to the pandemic and begins to plan for recovery and renewal; and

iv. note that the case studies and lessons learned will be reviewed alongside the council's own Lessons Learned and Structured Debrief exercises as the Council continues to respond to the pandemic and develops the Recovery and Renewal Framework.

9. FRAUD AND IRREGULARITY 2020/21 (AUDIT SCOTLAND, JULY 2021)

A report was submitted by the Service Manager – Internal Audit reviewing East Lothian Council's position in relation to the identified emerging fraud risks highlighted in the Audit Scotland briefing paper, *'Fraud and Irregularity 2020/21: Sharing risks and case studies to support the Scottish public sector in the prevention of fraud'*.

Mr Stainbank presented the briefing paper which he said followed on from a previous report presented to the Committee in September 2020. He outlined briefly the 7 key fraud risks identified by Audit Scotland and some of the actions taken by the Council to mitigate these risks.

Councillor Currie referred to the level of COVID-related funding issued during the past 18 months and the speed at which the monies had to be distributed by the Council. While he welcomed this briefing paper, he felt that it would be some time yet before a clear picture emerged of the level of fraud associated with the distribution of these funds.

The Convener said that Members had been well briefed on the fraud risks and were reassured by the skills and scrutiny work of the Internal Audit and Finance Teams.

Decision

The Committee agreed to:

i. note the position of East Lothian Council in regard to the actions taken and continuing to be taken to provide assurance over the Key Fraud Risks identified in 2020/21 highlighted in the *'Fraud and Irregularity 2020/21'* briefing paper; and

ii. examine the case studies of fraud and irregularities identified during 2020/21 and the information throughout the report to identify any further information or scrutiny activity the members would wish to have reported back to future meetings of the Audit and Governance Committee.

Signed ....

Councillor Jane Henderson
Convener of the Audit and Governance Committee

REPORT TO:	Audit and Governance Committee
MEETING DATE:	30 November 2021
BY:	Service Manager – Internal Audit
SUBJECT:	Internal Audit Report – November 2021

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1 PURPOSE

1.1 To inform the Audit and Governance Committee of Internal Audit reports issued since the last meeting of the Committee, the findings from Internal Audit's follow-up work and to provide an update on progress made against the 2021/22 annual audit plan.

2 RECOMMENDATION

2.1 That the Audit and Governance Committee note:

i. the main findings and recommendations from the Internal Audit reports issued during the period from September 2021 to November 2021 as contained in Appendices 1 & 2;

ii. the findings from Internal Audit's follow-up work;

iii. Internal Audit's progress against the annual audit plan for 2021/22 as set out in Appendix 3.

3 BACKGROUND

3.1 Since the last meeting of the Committee final reports have been issued in respect of the following audits: East Lothian Mid-Market Homes LLP and Corporate Appointeeship.

3.2 The main objective of the audits was to ensure that the internal controls in place were operating effectively. A summary of the main findings and recommendations from the audits is contained in Appendix 1.

3.3 In addition, since the last meeting of the Committee an Assurance review on School Excursions has been completed.

3.4 The main objective of the Assurance exercise was to establish if the internal controls in place provide an appropriate control environment. A summary of the main findings and recommendations from the Assurance exercise is contained in Appendix 2.

3.5 As the Assurance exercise is not a complete audit of this emerging process it has not been assessed with an assurance level. However a conclusion on how appropriate the internal control processes are has been provided.

3.6 For the audit reviews undertaken, Internal Audit has provided management with the following levels of assurance:

- East Lothian Mid-Market Homes LLP – Limited Assurance
- Corporate Appointeeship – Reasonable Assurance

3.7 Internal Audit follows-up on recommendations made in previously issued audit reports to ensure that they have been implemented as agreed by Management. Detailed spreadsheets are maintained to monitor progress being made and this report provides a summary of the current status for two audits that were reported in previous years. Our findings are detailed below.

Section 75 Developers Contributions

3.8 Internal Audit's report on Section 75 Developers Contributions was issued in November 2020. Our follow-up review has highlighted that all of the seven recommendations made have been implemented.

Treasury Management

3.9 Internal Audit's report on Treasury Management was issued in June 2020. Our follow-up review has highlighted that all of five recommendations four of the recommendations have been fully implemented. The final recommendation relates to a low graded recommendation for a minor update to incorporate a reference to the 2017 prudential code in the Financial Regulations, which currently refer to the 2009 code. This will be incorporated at the next update to the Financial Regulations whilst the 2017 prudential code continues to be followed.

Progress Report 2021/22

3.10 A progress report attached as Appendix 3 is prepared to assist the Committee in their remit to evaluate Internal Audit's work and measure progress against the annual audit plan for 2021/22.

4 POLICY IMPLICATIONS

4.1 None

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 - None

6.2 Personnel - None

6.3 Other - None

7 BACKGROUND PAPERS

7.1 None

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DATE	19 November 2021

Appendix1 Executive Summary:East Lothian Mid-Market Homes LLP

Conclusion: Limited Assurance

At this early stage in the development of East Lothian Mid-Market Homes LLP improvements are required in governance, risk management and control to ensure that the objectives of the partnership with the Council can continue to be met moving forward. In particular governance arrangements with the Council and the partnership should be implemented. A focus on maintaining and monitoring risk management arrangements to ensure continued affordable housing provision to tenants and minimising risk to the Council is required to be put in place. Key control policies and procedures that were to be in place before the properties were acquired have not been put in place which may require increased focus and staff resource to implement in a timely basis.

Background

In 2016 Planning consent was granted for 240 homes in Dunbar to include 60 affordable homes. The Council and the Developer agreed that 50 of these would be built as mid-market homes. A pension fund would fund the building of the homes and would lease them to East Lothian Mid-Market Homes (ELMMH) LLP for 40 years, after which the Council has the option to buy them for £1 per property. In completing this arrangement 50 affordable homes have been added to the stock of housing within East Lothian with no requirement for funding from the Public purse. The mixture of 2 and 3 bedroom homes were initially let from July 2019 at 80% of the Local Housing Allowance (LHA) level for these homes. Current rental levels for 2021/22 for these homes are at 65% of the LHA level for the 2 bedroom homes and 61% of LHA for the 3 bedroom homes comparing favourably with similar mid market housing association rents which are typically 70% to 85% of LHA within East Lothian.

Scottish Government Planning advice note 2/2010 published in August 2010 defines different housing tenures as affordable housing including Mid Market or Intermediate rent which was defined as "Private rented accommodation available at rents below market rent levels in the area and which may be provided either over the medium or long term." LHA rates are based on private market rents being paid by tenants in the broad market rental area (BRMA) and are calculated by The Valuation Office Agency Rent Officers. LHA rates are therefore are the best independent measure of market rent levels.

Following Cabinet approval of this approach in January 2017 ELMMH LLP was created as a partnership vehicle between the Council and Scottish Futures Trust (SFT) initially to facilitate the leasing of these 50 homes. Void levels have been minimal and repair issues with the original 50 houses are or have been resolved through developer guarantees. During 2020 and 2021 COVID letting processes have been adopted by ELMMH.

ELMMH LLP has purchased 2 further houses with grant funding from the Second Home Council Tax Fund that are rented on a similar basis by ELMMH LLP. These acquisitions have been completed to prevent these properties being removed from the affordable housing portfolio within East Lothian as new buyers of these properties on an affordable housing basis had not been identified. Letting of all of these properties is being completed successfully using Council and contract staff.

Further acquisitions may be completed for ELMMH in the future to meet the Council 2017-2022 plan objective of increasing the supply of affordable housing, as identified through the Local Development Plan, which, over the lifetime of the Plan aims to deliver a total of 2500 new affordable homes, including 2000 council or Housing Association houses for rent. ELMMH forms part of the solution for achieving this objective.

Executive Summary Cont'd: East Lothian Mid-Market Homes LLP

Summary of findings & recommendations

The following key findings and recommendations are highlighted, which have all been **agreed by the Head of Housing**:

- In line with the Agreement the Council has appointed five representatives as Members of ELMMH LLP, however the same five staff are also acting as the Senior Management, whilst this allows for speed of understanding and decision making in the early stages of development scope for segregation of duties is required going forward and a specific written agreement on roles and responsibilities. *Management have agreed to complete a current ongoing review of Board membership and then continue to review membership on an annual basis thereafter* ***by March 2022.***
- An initial template financial model over a 40 year period was developed utilising an SFT model whilst this potentially demonstrated unmet funding requirements in the final 10 years of the 40 year period no updated model has been developed for the final agreed position, nor has the model been updated for actual outturns or updated projections on income and expenditure. Final accounts as at 31 March 2021 for ELMMH demonstrate a cash balance of £124,589, however a financial model is required to establish if this figure provides an appropriate balance for lifecycle and reserve accounts moving forwards *Management have agreed that the financial model will be updated for the initial position and then further updated for changes in ELMMH initially* ***by March 2022 and then on an annual basis thereafter.***
- The Membership Agreement requires that Reserve and Lifecycle accounts are required to be put in place and adequately funded, these have not been put in place and no policy on funding agreed. *Management have agreed to ensure that these will be in place and funded* ***by March 2022****.*
- A risk matrix was developed for the initial decision to enter into ELMMH LLP as a special purpose vehicle for the leasing of the 50 homes for mid market rent this has not been updated since this initial risk register. *Management have agreed to update this risk matrix and then review and update at each Senior Management Team meeting moving forwards* ***by March 2022.***
- The Membership Agreement requires that specific agreements and policies, including an acquisitions and allocation policy should be in place but these have not been put in place prior to acquisition and allocation whilst good practice principals have been followed a clear set of policies and procedures are required. *Management have agreed to formally agreed all of the required policies* ***by June 2022****.*
- Costs charged by council staff require review along with required resources for operating ELMMH LLP and a formal agreement should be put in place to manage this. *Management have agreed that this agreement will be in place and operating* ***by June 2022****.*
- Regular Governance reporting to the Council Audit & Governance Committee is required for the operation of ELMMH LLP. *Management have agreed to start annual reporting* ***by June 2022****.*

Recommendation Summary

Recommendations Grade	High	Medium	Low	Total
Current Report	-	16	1	17
Prior report	N/A	N/A	N/A	N/A*

* This control review is new and no prior report exists for comparison

Materiality

ELMMH LLP has taken on the management of Private Residential Tenancy Agreements for 50 mid market rent homes in Dunbar with a lease being guaranteed by the Council of approximately £245K per annum. The homes had an approximate market value of £10.5million at the start of the agreement. Two additional homes have been purchased with an asset value of £284K.

Headlines

Objectives	Conclusion	Comment
1. Clear, accessible, relevant, and appropriate Governance arrangements are in place between the Council and ELMMH LLP.	Limited	A Membership Agreement has been approved by both members of the LLP outlining the membership and control of the Council within the ELMMH LLP. The accounts of ELMMH LLP are included in the Group Accounts of the Council and reported appropriately as such. There is however no formal Governance mechanism through Council Committee and it is recommended that regular reporting is put in place to the Audit & Governance Committee.
2. Processes are in place to ensure that all parties are complying with the terms of the agreements.	Reasonable	Meetings were not always held in line with the Members Agreement, although this was impacted by the COVID pandemic. Membership of the Board and the Senior Management team are the same and no clear written responsibilities have been clarified for members.
3. An adequate long-term business case has been put in place clearly defining the extent of the Council's potential liabilities and risks, and that appropriate processes and governance arrangements are in place to regularly monitor progress against the business plan and recommend action if required.	Limited	An initial business model was put together using an SFT template during the early stages of negotiations but there was no evidence to show that this had been revised to reflect the final position before the Members Agreement was signed, this model identified the potential for an unmet lifecycle expenditure in the final 10 years of the lease. Business financial models should be revised regularly once a project has started to reflect both the live situation and additional properties purchased. There is no evidence that the Business model has been requested to be reviewed to indicate the live situation nor have resources been allocated to complete this within ELMMH LLP or the Council.
4. Appropriate operational policies have been put in place covering key areas such as the acquisitions and allocations, tenancy arrears, adaptations and voids.	Limited	The Members Agreement requires that key policies are put in place before any properties are acquired. One of these was in draft but none had been finalised and approved before the properties were acquired. Reserve and Lifecycle Accounts had not been put in place and adequately funded as a result additional lending to the partnership from the Council was required in the initial years of operation.
5. Tenancy arrangements in place are in accordance with the policies and procedures, business case assumptions and all agreements in place.	Limited	The Scottish Government Private Residential Tenancy Agreement has been adopted and agreements were in place but copies of signed agreements were not all held centrally. Rent deposits have been deposited with an approved rent deposit Scheme. As a result of the lack of updating of business case assumptions clarity on maintaining the business case assumptions for rental income cannot be assured.
6. Adequate recharges for all work completed are made on a timely basis by the Council for services provided to the LLP, and are monitored for continued compliance with business case assumptions.	Limited	In line with the Agreement the Council is recharging costs relating to services provided to the LLP, however these do not include time taken by staff preparing for and attending meetings. A management charge should be considered to reflect the Council's role in providing a service. Consideration should also be given to providing further support to improve financial monitoring and Policies and Procedures Development as part of an SLA.

Areas where expected controls are met/good practice.

No.	Areas of Positive Assurance
1.	The Scottish Government Private Residential Tenancy Agreement has been adopted by ELMMH LLP.
2.	A Members Agreement, setting out the responsibilities of the members and how the LLP should be operated, has been put in place and agreed by both of the members being East Lothian Council and the Scottish Futures Trust.
3.	Leases have been put in place between the owner of the properties and the Partnership. A guarantee has been put in place between the landlord and the Council to act as Guarantor to the LLP.
4.	Approval for the setting up of East Lothian Mid-Market Homes LLP was given by the Council through a paper to Cabinet.
5.	ELMMH LLP is registered under the Landlord registration Scheme.
6.	Tenants deposits are held by Safe Deposits Scotland as a secure deposit.
7.	An Initial risk register was completed and presented to Cabinet identifying the risks in developing a partnership for the initial 50 homes.

A Recommendation Grading/Overall opinion definitions

Recommendation	Definition
High	Recommendations relating to factors fundamental to the success of the control objectives of the system. The weaknesses may give rise to significant financial loss/misstatement or failure of business processes.
Medium	Recommendations which will improve the efficiency and effectiveness of the existing controls.
Low	Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency.

Levels of Assurance	Definition
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

1 Executive Summary: Corporate Appointeeship

Conclusion: Reasonable Assurance

The HSCP has set up an in-house Corporate Appointeeship service and we found that clear and appropriate procedures and guidance documents are in place; comprehensive records and a clear audit trail of all actions taken are maintained; appropriate processes are in place for setting up client bank accounts and transferring responsibility for Corporate Appointeeship to the HSCP; and key financial controls are in place for client budgeting and for the creation, authorisation and recording of payments. Areas which will require focus going forward include the arrangements for ensuring that clients are receiving all the benefits to which they are entitled and the processes for identifying, and taking appropriate action, where clients have surplus funds.

Background

A Corporate Appointee is where an organisation has been appointed by the DWP to manage and look after a client's welfare benefits, to make sure they are receiving all the benefits to which they are entitled and to support clients who have no other means of accessing/managing their finances. Corporate Appointeeship and financial management services for clients in East Lothian have in recent years been provided by an external provider. Although staff and service user opinion of the external provider was generally very positive, there was uncertainty as to the external provider's ability to continue to provide the service going forward. An option appraisal was carried out, the outcome of which was a decision to bring the Corporate Appointeeship service in-house. The Council does not currently charge clients for providing a Corporate Appointeeship service.

Summary of findings & recommendations

The following key findings and recommendations are highlighted, which have all been **agreed by Management**:

- Monthly bank reconciliations require to be reviewed by a second member of staff independent of the preparer. *Management have confirmed that a sample of monthly bank reconciliations will be spot checked by the Senior Business Support Administrator and this is now* ***in place****.*
- Arrangements should be made to enable designated staff within the HSCP to directly communicate with the Bank, to assist them in addressing transaction errors and in following up the non-receipt of key information. *Management have agreed to put arrangements in place* ***by January 2022****.*
- Appropriate processes are required for ensuring that clients are receiving all the benefits to which they are entitled and for identifying, and taking appropriate action, where clients have surplus funds, which may impact on their entitlement to benefits. *Management have agreed that processes will be put in place and clearly documented* ***by February 2022****.*
- The procedures for Dealing with Funds on the Death of a Client require to be finalised. *Management have confirmed that the procedures will be finalised as soon as all outstanding legal queries have been clarified* ***by December 2021.***
- Consideration should be given as to whether it would be appropriate to charge clients for providing a Corporate Appointeeship service. *Management have agreed to consider this when transfers are complete and the overall cost of the in-house service has been reviewed* ***by September 2022.***

Recommendation Summary

Recommendations Grade	High	Medium	Low	Total
Current Report	-	8	-	8
Prior Report	N/A	N/A	N/A	N/A*

* This control review is new and no prior report exists for comparison.

Materiality

As at 12 November 2021:

- 159 bank accounts have been applied for and of these 157 have been opened (12 of which have subsequently been closed due to the client's death or no longer being required). The bank accounts opened include both transfer clients and new clients.
- Applications have been sent to the DWP in 102 cases and of these 88 clients are receiving some or all of their benefit payments into their bank accounts.
- 47 clients have been fully transferred and 2 new clients are fully set-up. It is hoped to continue to make progress in closing off 2 to 3 clients per week.

2 Headlines

Objectives	Conclusion	Comment
1. Clear and appropriate procedures and guidance documents are in place for all aspects of the Corporate Appointeeship process.	Reasonable	A comprehensive guidance document “Corporate Appointeeship and Access to Funds: Procedures for Managing the Finances of Service Users” has been drawn up and is regularly updated, which outlines the key principles and processes relating to Corporate Appointeeship. In addition, detailed individual procedures are in place for the initial set-up, ongoing management and closure/relinquishment of Corporate Appointeeship accounts, however the procedures for Dealing with Funds on the Death of a Client are currently in draft, awaiting clarification of certain legal matters, and require to be finalised.
2. There is clear record keeping and documentation in place for the Corporate Appointeeship process, including a clear audit trail of all actions taken and appropriate arrangements in place for storing information.	Substantial	Appropriate processes are in place for the submission and authorisation of client referrals for a Corporate Appointee service on the Mosaic system, key steps and actions taken are recorded for each client in the Financial Management Activity Log and key documentation is retained. Comprehensive records are maintained by the HSCP Financial Management Service, each client has an individual folder containing details of banking, budgets, correspondence, DWP, invoices and (where relevant) transfer information from ICMS. Detailed spreadsheets are maintained – a Master spreadsheet containing key information for each client, a DWP Status spreadsheet providing details of the benefits each client receives and the status of the transfer process and a Standing Order/Direct Debit spreadsheet.
3. A clear and timely process is in place for the initial set-up of clients’ Corporate Appointeeship accounts.	Reasonable	Comprehensive processes are in place for setting up client accounts, however many of the processes have taken longer than expected to complete due to the time taken to set-up bank accounts, delays experienced with the internal processes of the DWP when processing applications and issues with setting up direct debits with utility providers.
4. Appropriate processes are in place for the creation, authorisation and recording of all payments, including the setting up and authorisation of standing orders and direct debits.	Reasonable	Appropriate processes and segregation of duties are in place for the creation, authorisation and recording of payments from individual client’s Corporate Appointeeship bank accounts. All payments are created on the online banking system by a Senior Business Support Assistant and are authorised on the online system by a more senior member of staff, while payments above £500 require authorisation by a manager. Regular payments are set up by Standing Order, which require to be authorised by two members of staff. The Corporate Appointeeship bank accounts are set up under the Council’s banking services contract, which went out of contract on 30 September 2021, but has been formally extended for a further year, and bank charges to client accounts require review.
5. Appropriate processes are in place for client budgeting and for undertaking monthly reconciliations of each individual client’s bank account.	Reasonable	For all Corporate Appointeeship clients, an individual Budget Plan is prepared on a standard template, which includes details of the date the Budget Plan was last reviewed, the reviewing officer, monthly income and monthly outgoings. Bank reconciliations are carried out on a monthly basis – for each individual client’s account the budget figures for total monthly income and total monthly expenses are directly linked to the reconciliations and details of any adjustments or variations are clearly recorded.
6. Appropriate processes are in place for ensuring clients receive all the benefits to which they are entitled and for liaising with the DWP.	Limited	The responsibilities of a Corporate Appointee include claiming benefits, completing and signing any claim forms and reporting any changes in circumstances to the DWP. In respect of surplus funds, these require to be monitored to ensure funds do not exceed levels, which may impact on clients’ entitlement to benefits. These areas will require future focus to ensure that all responsibilities are fully discharged.

3 Areas where expected controls are met/good practice

No	Areas of Positive Assurance
1.	A comprehensive guidance document is in place which clearly outlines the key principles and processes relating to Corporate Appointeeship and includes sections on Determining the Correct Financial Intervention; Responsibilities of an Appointee; Staff involved in Corporate Appointeeship; Recording Financial Management Activity on Mosaic; Applying for Corporate Appointeeship; Creating a Budget Plan; Managing a Corporate Appointee Account; Changes to Disbursements of Funds; Requests for Additional Funds by the Client; Changes to DWP Benefit Payments; Client Surplus Funds; Changes in Circumstances and the Access to Funds Scheme. In addition, to supplement the main guidance, detailed individual procedures have been drawn up covering the initial set-up, ongoing management and closure/relinquishment of Corporate Appointeeship accounts.
2.	Appropriate processes are in place for the submission and authorisation of client referrals for a Corporate Appointeeship service on the Mosaic system, key steps and actions taken are recorded for each client on the Financial Management Activity Log and copies of key documentation are retained on the system. The HSCP Financial Management Service maintain comprehensive records for all key areas of the Corporate Appointeeship process which are regularly updated, with each client having an individual folder containing details of banking, budgets, correspondence, DWP, invoices and (where relevant) transfer information from ICMS. Detailed spreadsheets are also maintained – a Master spreadsheet containing key information for each client, a DWP Status spreadsheet providing details of the benefits each client receives and the status of the DWP transfer process and a Standing Order/Direct Debit spreadsheet, which tracks progression on setting up Standing Orders and Direct Debits for each client.
3.	Appropriate processes are in place for the initial set-up of client accounts. Detailed procedures and processes are in place covering both transfer (from ICMS) and non-transfer clients, and for each client a detailed Financial Management Activity Log is maintained, which records key information including client folder set-up on activity log, client budget sent to Community Care Worker for approval, client added to Master Spreadsheet, receipt of information from ICMS, client bank account set-up online and Corporate Appointee application paperwork sent to DWP. In addition, clear processes are in place for the completion of the banking information required to provide Corporate Banking with the appropriate details requested by the Bank to open a new bank account. A detailed process is in place for informing the DWP of the HSCP taking on Corporate Appointeeship responsibility for the client and for requesting that funds are paid into the client's new Corporate Appointee bank account.
4.	Appropriate processes and controls are in place for all payments made from individual client's Corporate Appointeeship bank accounts, including clear segregation of duties between the creation and authorisation of payments – payments are created on the online banking system by a Senior Business Support Assistant and are authorised by a second member of staff who is independent of the preparer. Regular payments are set-up by Standing Order, which require to be authorised by two members of staff, while one-off payments are recorded in the client's log of Unplanned Income and Spending within the budget spreadsheet. Appropriate supporting documentation is retained for all payments made.
5.	Appropriate client budgeting and reconciliation processes are in place. All clients have an individual Budget Plan in place and as part of the process for transferring Corporate Appointeeship clients, the documentation provided by ICMS includes a copy of the client's budget summary, which is reviewed and approved by the Community Care Worker, while for new clients HSCP staff work with the client in drawing up the budget. On a monthly basis a bank reconciliation is carried out of each client's bank account. The Budget Plan figures for Total Monthly Income and Total Monthly Expenses are directly linked to the bank reconciliations, unplanned income and unplanned spending (i.e. not included in the budget) is clearly recorded and details provided in the log of Unplanned Income and Spending, and details of any adjustments or variations are clearly recorded.

A Recommendation Grading/Overall opinion definitions

Recommendation	Definition
High	Recommendations relating to factors fundamental to the success of the control objectives of the system. The weaknesses may give rise to significant financial loss/misstatement or failure of business processes.
Medium	Recommendations which will improve the efficiency and effectiveness of the existing controls.
Low	Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency.

Levels of Assurance	Definition
Substantial Assurance	There is a sound system of internal control designed and operating in a way that gives a reasonable likelihood that the objectives will be met.
Reasonable Assurance	Whilst there is a sound system of internal control, there are minor weaknesses, which may put some of the objectives at risk or there is evidence of non-compliance with some of the controls, which may put some of the objectives at risk.
Limited Assurance	Weaknesses in the system of internal control are such as to put the objectives at risk or the level of non-compliance puts the objectives at risk.
No Assurance	Control is generally weak leaving the system open to error or abuse, or there is significant non-compliance with basic controls, which leaves the system open to error or abuse.

Appendix 2

East Lothian Council Assurance Statement

From:	Duncan Stainbank, Service Manager – Internal Audit
To:	Nicola McDowell, Head of Education Richard Parker, Service Manager – Education (Strategy & Operations) Bev Skirrow, Principal Officer
Date:	19 November 2021

School Residential Excursions

1. Background

As a result of the COVID Pandemic during 2020/21, 72 school residential trips were cancelled with a significant financial impact with potential loss of approximately £1.3 million. The Council agreed that the liabilities would be negotiated using officer time to negotiate and recover the financial liability. Some of this work is still ongoing with a current liability as at November 2021 of £38.5K unrecovered, but further potential recovery via insurance claims is anticipated to reduce this figure further.

Following Scottish Government guidance in June 2020 and subsequent advice, CMT issued an instruction to schools not to organise residential school trips and schools were not able to make provisional bookings for the 2021/22 academic year. Scottish Government guidance has now been changed and bookings nationally for UK residential school trips are permitted with consideration of mitigation measures, but East Lothian Council continue with an embargo on any residential school visits until further notice, kept under regular review. Residential trips in our secondary schools take place predominantly in May to June each year and P6/7 camps in our primary schools normally take place from March to June.

Education Services lead a cross-department School Trips Review Working Group looking at lessons learned from the impact of Covid restrictions in 2020/21 on school residential trip cancellations that resulted in financial liability for the Council. The group focused on developing the following:

a) a pre-vetted approved provider list for all residential trips;
b) a central process for pre-authorisation for all residential trips; and
c) additional staff training for the "business aspects" of running a trip i.e. checking insurance is adequate, terms and conditions of bookings, fundraising and financial good practice.

2. Findings

Internal Audit sought to review the adequacy of the process being developed to ensure appropriate authorisation of school residential trips going forward. A review of the process as documented in the developing staff training documentation was completed, in addition to interviews with education, insurance and procurement staff. The following findings are noted:

- A provisional list of providers has been developed based on the providers that have worked appropriately with the Council to resolve financial obligations in relation to the trips that have been cancelled for the 2020/21 year. Further work is still to be completed on providing an appropriate vetting and tender route for further providers to be assessed for this list within procurement. Processes outline that this will be completed between January and April on an annual basis with criteria still to be developed.

- The Evolve system was already in place to complete risk assessments of proposed school trips and this has now been enhanced to ensure that there is a pre-authorisation by Head Teachers and Education Services of all residential trips prior to booking. Enhanced further authorisation based on both the value of the trip being undertaken and the risks and educational value of the trip is also tested by an Education Officer, Outdoor Education Principal Teacher and Health & Safety Officer to ensure appropriate consideration is given to all risks prior to booking and payment of deposits.

- The training that has been put in place appropriately covers the aspects of insurance, terms and conditions, fundraising and financial good practice. Training is being made mandatory for all trip leaders prior to being authorised to lead and book trips and has been reviewed in accordance with experienced teacher school trip leaders.

- An insurance policy is in place from the 1st November providing adequate coverage for all school trips that have been properly authorised through this process. This insurance has certain exclusions, including:
    - No coverage for cancellation due to pandemic as this would not be possible at an appropriate cost;
    - Exclusions for high risk activities including winter sports, football/rugby, mountaineering, and cliff/rock climbing; and
    - A limit on overall trip cost of £50,000.

- Procedures are in place to provide a standard letter to parents/pupils making them aware of the insurance coverage and clarity that there is no cover due to pandemic cancellation, which may impact upon a return of deposit in these circumstances, which will not be underwritten by the Council.

- Procedures are also in place to guide trip leaders to seek further insurance cover to be put in place should high risk activities or the overall cost of the trip be in excess of £50,000. Authorisation approval routes would also ensure that adherence to this process was considered at the time of authorisation.

Areas where further clarification in the process is still required have been identified as noted below:

- The process allows for exception trips that are booked through providers that are not on the agreed listing of providers. This is intended to allow for short length trips to local areas for trips such as Duke of Edinburgh award scheme trips that may involve camping at sites that are not currently on the list of providers. In order to ensure that exception trips are authorised only in circumstances that are intended, clear guidance is required to define an exception trip.

- The process of arranging insurance is that disclosure of the details of the people attending the trip should be input as soon as they are reasonably known (following trip sign-up) and then confirmation of names/numbers and any pre-existing medical conditions should be completed 4 to 8 weeks prior to the trip. Whilst the trip leader is responsible for ensuring that this information is recorded at the appropriate time, clarification on who will be responsible for ensuring that this is completed is still required.

3. Conclusions

Based on our review of the processes still in development, and without the ability of having been able to test the process being used, there is reasonable assurance that an effective control environment around school residential trips has been created. Improved training and authorisation processes should provide assurance that all risks are being identified and minimised appropriately. It is understood that a further review of the process by Education staff will be carried out a year after bookings commence in order to ensure that processes are operating effectively and any further improvements implemented, providing assurance that continued improvement is being embedded.

4. Recommendations

Recommendation 1: Detailed guidance on what constitutes an exception trip should be developed and distributed to school trip leaders and authorisers prior to exception trips being authorised.

Management Response and Timescale:

Agreed, this is to be further explored with the School Trips Review Working Group and addressed within the guidance documentation and process flow diagram. The Evolve system can implement a "stop" on progressing through the pre-authorisation process if any parameters are not met.

January 2022.

Recommendation 2: Clarity on who will confirm that trip leaders have updated all required medical information at an appropriate point prior to the start of the trip should be included in the procedures, to provide an appropriate control that the required insurance processes are being completed in each case for all school residential trips.

Management Response and Timescale:

Agreed, this will be clarified in the final agreed procedures. This will be reviewed when the self-service process with CEC is clearer post our meeting with them at the end November 2021.

January 2022.

AUDIT REPORTS	SCOPE OF THE AUDIT	TARGET COMPLETION DATE	STATUS
Scottish Welfare Fund	We will examine the control processes in place over the last year and the changes in control processes implemented as a result of the Covid pandemic.	June 2022	
Lower Value Purchasing	Focusing on purchasing and procurement below £50k, examining that appropriate authorisation and procurement routes are in place prior to making purchases. Reviewing that aggregated expenditure levels are monitored and appropriate action taken on a regular basis.	February 2022	
Payroll Overtime Payments	We will review the processes for making overtime payments from authorisation to payment.	June 2021	Completed
Property Maintenance Stores	This audit was rolled forward from the 2019/20 Internal Audit Plan and will focus on the controls in place for managing and maintaining the stores assets and purchasing of stores materials to support property maintenance requirements.	February 2022	In Progress
IT School Procurement	We will examine the strategy and compliance with processes around ICT purchases for schools.	February 2022	Planning Commenced
Digital Learning Strategy	We will review the Digital Learning Strategy progress and assess the governance and control environment in place to establish if this is robust to deliver the strategy.	June 2022	

AUDIT REPORTS	SCOPE OF THE AUDIT	TARGET COMPLETION DATE	STATUS
Prevent & Return Strategy Children's Services	We will review the Governance and Control structures in place to support this strategy and examine if they provide an appropriate embedded framework for the future.	February 2022	In Progress
COVID Support and Grants	We will review the processes in place for provision of COVID Support Grants and other support offered across the Council including reconciliation and recovery of support when required.	June 2022	
Restart of Capital Projects	As Projects that have been delayed or progress paused as a result of the COVID pandemic recommence, risks will arise in relation to tendering, budget management, timescale delivery and clarity on continued appropriate specification. We will review the controls in place to manage these risks.	June 2022	In Progress
Waste Management	We will review the policies, procedures and processes in place for provision of waste management services.	June 2022	
General Data Protection Regulations (GDPR)	This audit was rolled forward from the 2019/20 Internal Audit Plan and will focus on the arrangements in place within the Council for ensuring compliance with the provisions of GDPR.	June 2022	
Corporate Appointeeship	We will examine the implementation of a corporate appointeeship scheme for social work clients being taken into East Lothian Council responsibility during 2021.	November 2021	Completed

AUDIT REPORTS	SCOPE OF THE AUDIT	TARGET COMPLETION DATE	STATUS
ALEO East Lothian Mid-Market Homes LLP	We will review the governance and operational control processes in place within the Council in relation to the East Lothian Mid-Market Homes LLP.	November 2022	Completed
Risk Management	We will select a sample of High risks from both the Council's Corporate Risk Register and service area Risk Registers and will review the adequacy and effectiveness of the risk control measures in place.	February 2022	
Scottish Housing Regulator (SHR) Annual Assurance Statement	Work required to provide assurance on the regulatory requirements set out in the Scottish Housing Regulator's Chapter 3 of the Regulatory Framework.	September 2021	Completed
Review of Performance Indicators	Internal Audit will continue to review the systems in place for the preparation and reporting of Performance Indicators.	June 2021	Completed

REPORT TO: Audit and Governance Committee

MEETING DATE: 30 November 2021

BY: Service Manager – Internal Audit

SUBJECT: Internal Audit Charter & Internal Audit Flexible Resourcing

3

1 PURPOSE

1.1 The Public Sector Internal Audit Standards (PSIAS) require an Audit Charter to be in place in each local authority.

1.2 The PSIAS require the Internal Audit Charter to be reviewed periodically and presented to Senior Management and to the Audit and Governance Committee for approval.

1.3 East Lothian Council's Internal Audit Charter was approved by the Audit and Governance Committee in November 2020. The Charter has been reviewed and updated to reflect minor changes in operating procedures and revised job titles. The updated Internal Audit Charter is being presented to the Audit and Governance Committee for approval.

2 RECOMMENDATION

2.1 That the Audit and Governance Committee approves the updated Internal Audit Charter.

2.2 That the Audit and Governance Committee notes the flexible resourcing approach taken by Internal Audit staff to meet the Assurance needs of the Council during 2020/21 and 2021/22.

3 BACKGROUND

3.1 The Internal Audit Charter has been drawn up in line with PSIAS requirements and is a formal document that defines the Internal Audit activity's purpose, authority and responsibility. The Internal Audit Charter is attached as Appendix A.

3.2 The Internal Audit Charter establishes Internal Audit's position within the organisation, including the nature of the Service Manager – Internal Audit's functional reporting relationship with the Audit and Governance Committee and defines the scope of Internal Audit's activities.

3.3 During the 2020/21 and 2021/22 financial years Internal Audit, in conjunction with the rest of East Lothian Council, have been operating under Business Continuity measures. No changes in the way the team has operated have impacted on Internal Audit independence as a result of these business continuity measures.

3.4 Risks to the Council have been changing over this period and as a result the Internal Audit Plan has been revised on a twice yearly basis to ensure that an opinion on the overall adequacy and effectiveness of the Council's framework of risk management, control and governance can continue to be provided.

3.5 In order to work effectively and efficiently with management regular discussions are held to ensure that whilst assurance work continues, impacts on business critical processes from this work are minimised. Flexible working in providing advice and assurance exercises have also been implemented to assist in utilising resources efficiently. Full co-operation in all assurance work continues to be provided at all levels of management in accordance with these work processes.

4 POLICY IMPLICATIONS

4.1 None

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 - None

6.2 Personnel - None

6.3 Other - None

7 BACKGROUND PAPERS

7.1 None

AUTHOR'S NAME	Duncan Stainbank
DESIGNATION	Service Manager – Internal Audit
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DATE	19 November 2021

EAST LOTHIAN COUNCIL
INTERNAL AUDIT

INTERNAL AUDIT CHARTER

INTERNAL AUDIT CHARTER

1. Introduction

1.1 The work of East Lothian Council's Internal Audit activity is governed by the Public Sector Internal Audit Standards (PSIAS), which came into effect on 1 April 2013 and were revised from 1 April 2017. The PSIAS are mandatory for all internal auditors working in the UK public sector.

1.2 The Internal Audit Charter is a formal document that defines the Internal Audit activity's purpose, authority and responsibility. The Internal Audit Charter establishes Internal Audit's position within the Council, including the nature of the Service Manager-Internal Audit's functional reporting relationship with the Audit and Governance Committee and defines the scope of Internal Audit's activities.

2. Definitions

2.1 The PSIAS comprise a definition of internal auditing, a Code of Ethics for internal auditors working in the public sector and the International Standards for the Professional Practice of Internal Auditing.

2.2 The PSIAS require that the Internal Audit Charter defines the terms "Board" and "Senior Management" in relation to the work of Internal Audit. For the purposes of Internal Audit work in East Lothian Council, the Board refers to the Audit and Governance Committee which has responsibility for overseeing the work of Internal Audit. Senior Management is defined as the Council Management Team (Chief Executive, Executive Directors and Heads of Service).

2.3 The PSIAS also refer to the 'Chief Audit Executive' which in East Lothian Council is the Service Manager-Internal Audit. The Service Manager-Internal Audit is responsible for the effective review of all aspects of risk management, control and governance processes, throughout the full range of the Council's activities.

3. Purpose

3.1 Internal Audit's purpose is to provide an independent, objective assurance and consulting service designed to add value and improve the Council's operations. Internal Audit helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. In carrying out its activities Internal Audit aims to contribute to:

- building strong and effective risk awareness and control consciousness within East Lothian Council;
- continuously improving the risk management, control and governance processes so they operate at optimum effectiveness and cost efficiency and reflect best practice.

4. Scope

4.1 Internal Audit's scope of work extends to the entire control environment of Council Services. Internal Audit determines what areas within its scope should be included within the annual Internal Audit Plan by adopting an independent risk based approach, and through engagement with Senior Management.

4.2 Internal Audit provides assurance as to whether the Council's network of risk management, control and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- Achievement of the Council's strategic objectives.
- Compliance with policies, standards, procedures and applicable laws and regulations.
- Reliability and integrity of financial and operational information.
- The safeguarding, verifying and accounting for assets.
- Economic and efficient use of resources.

4.3 Internal Audit participates in the National Fraud Initiative (NFI) and is also responsible for carrying out ad-hoc investigations into potential fraud & irregularities or Bribery and corruption concerning the provision of Council services, providing advice as and when required in relation to control and compliance issues.

5. Authority

5.1 The PSIAS require that the Internal Audit Charter establishes Internal Audit's rights of access to all records, assets, personnel and premises and its authority to obtain such information and explanations as is considered necessary to fulfil its responsibilities. Internal Audit's rights of access to records, information and explanations are set out in Section 7, paragraphs 2(a) and 2(b) of The Local Authority Accounts (Scotland) Regulations 2014.

6. Responsibility

6.1 Internal Audit is accountable for developing and delivering a programme of assurance aimed at validating the effective management of key business risks.

6.2 The annual Internal Audit Plan takes cognisance of the areas of greatest risk within the Council. The planning approach includes consideration of any risks or concerns identified by management.

6.3 The annual Internal Audit Plan is approved by the Audit and Governance Committee. The Audit Plan is reviewed to identify any amendments needed to reflect changing priorities and emerging risks.

6.4 Internal Audit is accountable for reporting its findings, conclusions and recommendations to the Audit and Governance Committee and to Senior Management. In addition, Internal Audit is responsible for ensuring timely follow-up on management actions.

6.5 Internal Audit assists as needed in the investigation of significant suspected fraudulent activities within the Council and notifies management and the Audit and Governance Committee of the results of any investigations.

7. Independence

7.1 Internal Audit must be independent from management at all times in order to be effective in executing its work freely and objectively. In this regard:

- Internal Auditors will have no responsibility or authority over any operating activities reviewed;
- Internal Audit is prohibited from performing management activities, including performing operational duties;
- Internal Audit is authorised to allocate resources, set frequencies, select areas, determine audit scopes and apply tools and techniques, and to obtain the necessary assistance and specialised services within or outside the Council to accomplish its objectives;
- Internal Audit has the right to be informed by management, on a timely basis, of any significant control failures identified by management.

8. Accountability

8.1 Day to day management of the Internal Audit team will be performed by the Service Manager-Internal Audit. The Service Manager Internal-Audit reports administratively to the Executive Director of Resources and has unrestricted access to the Chief Executive, the Monitoring Officer and the Chair of the Audit and Governance Committee.

8.2 The Service Manager-Internal Audit shall be accountable to the Audit and Governance Committee for:

- providing at least annually an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the Council’s framework of risk management, control and governance;
- reporting significant issues relating to the processes for controlling the activities of the Council, including recommendations and status of implementation of improvements;
- periodically providing information on the status and results of the annual audit plan and the sufficiency of the Internal Audit function’s resources; and
- co-ordination with other significant assurance functions.

9. Management Responsibilities

9.1 An Internal Audit function can only be effective if it receives the full cooperation of management. By approving this Internal Audit Charter, the Audit and Governance Committee and the Chief Executive are mandating management to cooperate with Internal Audit in the delivery of the service by:

- providing Internal Audit with full support and cooperation, including complete access to all records, assets, personnel and premises relevant to the performance of their responsibilities at all levels of operations, without unreasonable delay, subject to all relevant legal obligations and restrictions;
- responding to draft Internal Audit reports including provision of management responses to recommendations;
- implementing agreed management actions in accordance with the agreed timescales and updating Internal Audit with progress made on management actions;
- informing Internal Audit of proposed changes and developments in processes and systems and of newly identified risks.

9.2 Management is responsible for the effective identification of risk and the maintenance of adequate systems of controls. Management is responsible for corrective actions on reported weaknesses.

9.3 Managing the risk of fraud and corruption is the responsibility of management. Internal Audit will assist management in the effective discharge of this responsibility.

9.4 In accordance with the Council's Strategy for the Prevention and Detection of Fraud and Corruption, management will notify Internal Audit of all suspected or detected fraud, corruption or impropriety, to inform the annual audit opinion and the risk-based plan.

10. Advisory Work

10.1 The Public Sector Internal Audit Standards (PSIAS) recognise that Internal Audit effort may sometimes be more usefully focused towards providing advice rather than assurance over core controls. Where appropriate, Internal Audit will act in a consultancy capacity by providing guidance and advice for strengthening the control environment within the Council, providing:

- the objectives of the consulting engagement address governance, risk management and control processes to the extent agreed upon with the Council;
- the request has been approved by the Council Management Team;
- Internal Audit is considered to have the right skills, experience and available resources;
- Internal Audit's involvement will not constitute a conflict of interest in respect of maintaining an independent stance, and Internal Audit will not assume a management role in providing this advice.

10.2 When performing consulting services, Internal Audit staff must maintain objectivity and not take on management responsibility.

10.3 The Service Manager-Internal Audit is responsible for ensuring that all requests for consulting engagements are reviewed in accordance with the above criteria and for making the final decision.

11. Quality Assurance

11.1 Public Sector Internal Audit Standards (PSIAS) require that the Audit function is subject to a Quality Assurance and Improvement Programme (QAIP) that must include both internal and external assessments.

Internal assessments

11.2 On an annual basis, an internal review is undertaken to ensure that the Internal Audit function is fully compliant with the PSIAS. All Internal Audit engagements are subject to a thorough review of quality to ensure that the work meets the standards expected from all Internal Audit staff. For example the internal file quality reviews undertaken by the Service Manager Internal Audit cover the following:

- All work undertaken is in accordance with PSIAS.
- The work is planned and undertaken in accordance with risks associated with areas under review.
- Sampling is undertaken in accordance with an Internal Audit methodology.
- The conclusions are fully supported by the detailed work undertaken and appropriate audit evidence is held on file to support the conclusions reached.

External assessments

11.3 An external quality assessment must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the Council. The Service Manager Internal Audit will discuss options for the external assessment with the Executive Director of Resources and with the Audit and Governance Committee.

12. Approval

12.1 Final approval of the Internal Audit Charter resides with the Audit and Governance Committee.

Updated: November 2021

REPORT TO:	Audit and Governance Committee
MEETING DATE:	30 November 2021
BY:	Service Manager – Internal Audit
SUBJECT:	Internal Audit Report – National Fraud Initiative

4

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1 PURPOSE

1.1 To inform the Audit and Governance Committee of the work undertaken on the 2020/21 National Fraud Initiative.

2 RECOMMENDATION

2.1 That the Audit and Governance Committee note the contents of the report.

3 BACKGROUND

3.1 The National Fraud Initiative (NFI) is a data matching exercise, which is led by Audit Scotland and runs every two years. The purpose of the exercise is to match electronic data (e.g. names, addresses, Dates of Birth, National Insurance Numbers), both within and between participating bodies, to detect fraud and overpayments.

3.2 East Lothian Council, along with other local authorities and public sector bodies, participates in the NFI data matching exercise. NFI seeks to help participating bodies identify possible cases of fraud and detect and correct any over or under payments. The data for NFI in Scotland is processed by the Cabinet Office on behalf of Audit Scotland.

3.3 As part of the 2020/21 NFI exercise, the Council submitted data for the following areas:

- Housing (Current Tenants and Waiting Lists)
- Payroll
- Residents Parking Permits
- Council Tax and Electoral Register
- Creditors (Standing Data and Payment History)
- Taxi Driver Licences
- Council Tax Reduction Scheme
- Non-Domestic Rates Small Business Bonus Scheme
- COVID Business Support Grants

3.4 In addition, Benefits details are submitted by the DWP and Blue Badge details are submitted directly by the Blue Badge Digital Service.

3.5 The output of the data matching process (i.e. reports of data matches) is returned to the Council for consideration and investigation. Data matches do not in themselves indicate fraud, but rather identify cases, which may require further investigation.

3.6 This report provides a summary of the outcome of the investigations undertaken for the 2020/21 NFI matches. A total of 82 reports were received in respect of East Lothian Council – the reports contained 3,104 individual matches, of which Internal Audit have reviewed 906 of the matches considered high risk, using a risk based approach.

3.7 As at 19 November 2021, 577 matches had been fully investigated and closed and a further 329 matches are currently in progress. Of the 577 matches, we found that:

- in 482 cases, no fraud or errors were identified;
- in 87 cases, errors were identified in respect of Blue Badges and in each case appropriate action was taken by the Council to either cancel or not renew the Blue Badge; and
- in the remaining 8 cases, overpayments/under recovery of income amounting to £102,517.74 was identified which has been or is being recovered by the Council, with the exception of £22,286.94 from a company that has now ceased trading, although recovery will be progressed as far as possible.

3.8 The overpayments of £102,517.74 related to the following:

- £98,745.60 related to two duplicate payments made on duplicate completion certificates, approved for payment in error, for completed street lighting work in 2019. On discovery of the overpayment credit notes were raised against the contractor in April 2020. The contractor was contacted on a number of occasions to request repayment, however funds were not available to make the repayment and an agreed programme of work was put in place to repay the outstanding funds, reducing the balance to £22,286.94 by September 2021 when the company has advised that they have ceased trading. Recovery of any sums possible will be progressed, however full recovery is now unlikely.
- £1,186.68 related to two creditor payments (£662.28 and £524.40) made to different organisations. The organisations have acknowledged and are repaying these overpayments to the Council. These payments were made as these organisations had separate creditor accounts set up with slightly different naming of the organisation, as a result system controls preventing payment of duplicate invoices did not operate. These creditor accounts are being merged into one account to prevent further overpayments.
- £2,154.80 related to one company who was claiming Small Business Bonus Scheme (SBBS) relief on their business properties in East Lothian, however the business had then become the ratepayer on three other property units in another Scottish Local Authority in December 2020. These additional properties rateable value took the company above the SBBS threshold. Revised bills have now been issued for the 2020/21 financial year for the additional Non-Domestic Rates now due.
- £430.66 related to an individual who became a member of staff at East Lothian Council in 2020 and had not advised the Council Tax team of the increased salary. The Council Tax bill has subsequently been revised and the underpayment is being recovered.

3.9 In addition to the above, the Council's Revenues team receive separate reports on Council Tax and Electoral Register matches – the matches identify cases where Single Person Discount may have been incorrectly awarded.

3.10 The Council Tax and Electoral Register data was initially uploaded and the matches released in January 2021. An initial review of the 2,016 matches identified 18 duplicate matches and a file of 1,998 matches was then used in February/March 2021 to send letters requesting revised information from all Council Tax payers included within the matches. Responses to all of these requests for information are now being worked through by the Revenues team and to date 2 cases have been classed as fraud and 3 as error by Council Tax payers with £3,427.29 of additional Council Tax being requested from households. Following working of all responses received, reminders will be issued to non-responders prior to any removal of Single Person Discount if appropriate.

3.11 All other matches currently being investigated from the 2020/21 NFI exercise will be concluded prior to 31 March 2022.

3.12 In addition to the fraud and error identified above payroll matches identified 6 staff members with concurrent secondary employment with another public sector organisation, of these 6 staff members only 2 had completed a secondary employment form as required by the East Lothian Code of Conduct. Line management in each case had been aware of the secondary employment and there are no concerns over the employment undertaken. In 3 cases this secondary employment form has now been completed, in the other case the concurrent employment has now ceased. Management and staff have now been reminded of the requirement to formally record secondary employment as required by the East Lothian Council Code of Conduct.

4 POLICY IMPLICATIONS

4.1 None

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 - None

6.2 Personnel - None

6.3 Other – None

7 BACKGROUND PAPERS

7.1 None

AUTHOR'S NAME	Duncan Stainbank
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DATE	19 November 2021

REPORT TO:	Audit and Governance Committee
MEETING DATE:	30 November 2021
BY:	Executive Director for Council Resources
SUBJECT:	Treasury Management – Mid Year Review 2021-22

8

1 PURPOSE

1.1 To update the Committee on Treasury Management activity during the first half of 2021-22.

2 RECOMMENDATIONS

2.1 The Committee is asked to note the content of the report.

3 BACKGROUND

3.1 A main function of treasury management operations is to ensure that the cash flow is adequately planned, with cash being available when it is required. Surplus monies are invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.

3.2 In addition, the treasury management service manages the accounting and funding of the Council's capital plans. The approved capital plans provide a guide to the borrowing need of the Council, including setting out the longer-term cash flow planning to ensure the Council can meet its capital spending obligations in future years. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, any debt previously incurred may be restructured to meet wider risk or cost objectives.

3.3 Treasury management is therefore defined as being the management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. This mid-year report is reviewed against the current Treasury Management Strategy that was approved by Council in March 2021.

3.4 This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

A. An economic update for the first part of the 2021-22 financial year;
B. A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
C. The Council's capital position (prudential indicators);
D. A review of the Council's investment portfolio for 2021-22;
E. A review of the Council's borrowing strategy for 2021-22;
F. A review of any debt rescheduling undertaken during 2021-22.

Part A – Economic Update

3.5 The Monetary Policy Committee (MPC) left the bank rate unchanged at 0.10% at the September meeting. The rate has been held at 0.10% since the emergency rate reduction in March 2020. The MPC is to continue the programme of quantitative easing until the end of 2021.

3.6 The MPC has indicated a tightening of monetary policy may be required to stem inflation, which is currently above the 2% target, implying an interest rate increase is now more likely in the near future. Employment market concerns are being closely monitored. Global supply chain issues continue to have a disruptive effect on the economy and this is contributing to goods/materials shortages, delays and price increases.

3.7 The MPC's thoughts and the economic conditions informed our treasury advisors forecast given in table 3.1. It shows projected increases in the bank rate from 0.10% in December 2021 rising to 0.25% in June 2022, with other increases projected to 0.50% in June 2023 and 0.75% in March 2024.

Table 3.1

Link Group Interest Rate View	29.9.21									
	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.75
3 month ave earnings	0.10	0.10	0.20	0.20	0.30	0.40	0.50	0.50	0.60	0.70
6 month ave earnings	0.20	0.20	0.30	0.30	0.40	0.50	0.60	0.60	0.70	0.80
12 month ave earnings	0.30	0.40	0.50	0.50	0.50	0.60	0.70	0.80	0.90	1.00
5 yr PWLB	1.40	1.40	1.50	1.50	1.60	1.60	1.60	1.70	1.70	1.70
10 yr PWLB	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10
25 yr PWLB	2.20	2.20	2.30	2.30	2.40	2.40	2.40	2.50	2.50	2.60
50 yr PWLB	2.00	2.00	2.10	2.20	2.20	2.20	2.20	2.30	2.30	2.40

Part B – Review of Treasury Management Strategy Statement and Annual Investment Strategy

3.8 The Treasury Management Strategy Statement (TMSS) sets out the wider Treasury and Investment Strategy, and was approved by Council on 2 March 2021. The Strategy includes a number of key treasury management indicators. This report provides an update on the Treasury Management activity undertaken by the Council relative to the approved strategy taking account of the updated economic position and budgetary changes already approved.

3.9 Table 3.2 below provides a summary of the current position relative to approved indicators, with more details around the position on each indicator set out in the remainder of this report.

Table 3.2

Prudential Indicators 2021-22	**Approved £m**	**Current Estimated Prudential Indicator £m**
Capital Financing Requirement	541	539
Operational Boundary	541	539
Authorised Limit	590	590

Includes long term liabilities for PPP arrangements and finance leases

Part C - The Council's Capital Position (Prudential Indicators)

3.10 The current projections set against the approved indicators are set out below.

Capital Expenditure and Financing of the Capital Programme

3.11 Table 3.3 below sets out the current projected outturns for the Council's capital investment programmes for 2021-22 relative to the approved budget as at 2 March 2021. The table sets out how the programme is financed, highlighting the supported and unsupported elements and the expected financing arrangements. The borrowing requirement increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR). This in part will be offset by any revenue charges for the repayment of debt.

Table 3.3

Capital Expenditure	2021-22 Approved Budget £m	2021-22 Projected Outturn * £m
General Services	91.5	88.5
HRA	29.7	34.7
Total capital expenditure	**121.2**	**123.2**
Financed by:		
Capital receipts	12.4	11.8
Capital Grants	32.7	30.6
CFCR	2.5	2.5
Total financing	**47.6**	**44.9**
Borrowing requirement	**73.6**	**78.3**

* *Projected outturn is based on the position as reported in the November Council update and remains subject to change*

Impact on Prudential Indicators

3.12 The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. Table 3.4 below, sets out the CFR and the expected debt position over the period, which is termed the Operational Boundary.

3.13 In summary, the Council is currently projecting to be under the approved limits for both CFR and Operational Boundary. This is largely due to the re-profiling of capital expenditure to align with estimated construction timescales. Future years Treasury indicators will be revised to take cognisance of the 2021-22 projected outturn, and the Council is expected to remain well within the Authorised Limit.

Table 3.4

	2021-22 Approved Limits £m	2021-22 Projected Outturn £m
Prudential Indicator – Capital Financing Requirement		
CFR – General Services	314	312
CFR – HRA	227	227
Total CFR	**541**	**539**
Prudential Indicator – the Operational Boundary for external debt		
Borrowing	507	506
Other long term liabilities*	34	33
Total debt (year-end position)	**541**	**539**

* *PPP arrangements and finance leases*

Limits to Borrowing Activity

3.14 One of the main key controls over the treasury activity is to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, (except in the short term), exceed the total of CFR in the previous year plus the estimates of any additional CFR for 2021-22 and next two financial years. This allows some flexibility for limited early borrowing for future years should the need arise.

3.15 Table 3.5 below sets out that the Council is currently managing to operate within this limit and maintains an under-borrowed position. The table states that at the end of this year the Council expects to have external borrowings of £453m and utilise £53m of cash flow funds (under-borrowing) in lieu of borrowing. This is a prudent and cost effective approach in the current economic climate and remains consistent with the approved Treasury Management Strategy.

Table 3.5

	2020-21 Estimate £m	**2020-21 Actual £m**	**2021-22 Original Estimate £m**	**2021-22 Revised Estimate £m**
External borrowing	398	366	469	453
Other long term liabilities*	35	35	34	33
Total external debt	433	401	503	486
CFR* (year end position)	**474**	**467**	**541**	**539**
Under-borrowing	**41**	**66**	**38**	**53**

** Includes PPP arrangements and finance leases etc.*

3.16 The Authorised Limit is a statutory requirement that represents the limit beyond which borrowing is prohibited and sets an overall control on the level of borrowing. This limit reflects the level of borrowing which while not desired, could be afforded in the short term, but is not sustainable in the longer term. The approved Authorised Limit is £590 million and as highlighted in the table above, the Council continues to operate well within approved limits, and therefore there is no change to the overall strategy required.

Part D - Investment Portfolio 2021-22

3.17 In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return consistent with the Council's risk appetite. Wider loan interest rates remain low and in line with the current 0.10% Bank Rate. It is anticipated that any future increases in Bank interest rates will be gradual and given this, investment returns are likely to remain low.

3.18 The Council's investment decisions are made in accordance with the approved strategy. No short term investments were placed during this time. Any surplus cash balances are held in the Council's bank account.

3.19 An external investment management company, Investec, manages East Lothian Council Common Good funds and Charitable Trust funds in two separate portfolios. The returns on these investments continue to be closely monitored during the year.

- At 30 September 2021, the East Lothian Charitable Trust portfolio was valued at £3.849m, which represents an increase of £0.206m over the 6-month period. The performance of this portfolio for the first 6 months is in line with the benchmark.
- The Common Good portfolio was valued at £3.900m, an increase of £0.221m over the 6 month period. The expectation is that this portfolio should grow the fund and generate the best income at the minimal risk and the increase in the first 6 months is line with this expectation given the current market conditions. The performance of this portfolio for the first 6 months in line with the benchmark.

Part E – Borrowing Strategy 2020-21

3.20 In recent years, the Council has predominately used PWLB as its main source of funding partly due to the level of risk and interest rates available. Consideration is given to both the maturity profile and interest rates to manage cost and refinancing risk. With regard to the interest rate forecast discussed in Part A, a gradual increase in interest rates has been included within the current approved capital investment and borrowing plans, and therefore any increases are unlikely to impact in this financial year. Going forward however, the Council will need to consider further both the affordability of capital investment plans and potentially seek alternative sources of borrowing in order to achieve the best rates and terms. Whilst it remains unclear as to the extent of any further increase in borrowing rates, the Council's treasury advisor, Link Asset Services provides regular forecasting of PWLB rates so that an informed decision can be made on the timing of the borrowing for the capital programme.

3.21 Four long term external loans were taken in the first 6 months of the financial year and details are set out in Table 3.6 below. From the borrowing set out, one loan amounting to £3m was made available at a specific discounted infrastructure rate in relation to the Wallyford Learning Campus.

Due to the overall financial position and the underlying need to borrow for capital purposes (the capital financing requirement – CFR, currently £539m), it is anticipated that additional new external borrowing of £83m will be required during the second half of this financial year.

Table 3.6

Loan	Loan Date	Principal	Maturity	Interest rate
PWLB	30/09/21	£10m	50 years	1.72%
PWLB	30/09/21	£10m	49 years	1.72%
PWLB	30/09/21	£2m	48 years	1.74%
PWLB	30/09/21	£3m	48 years	1.54%

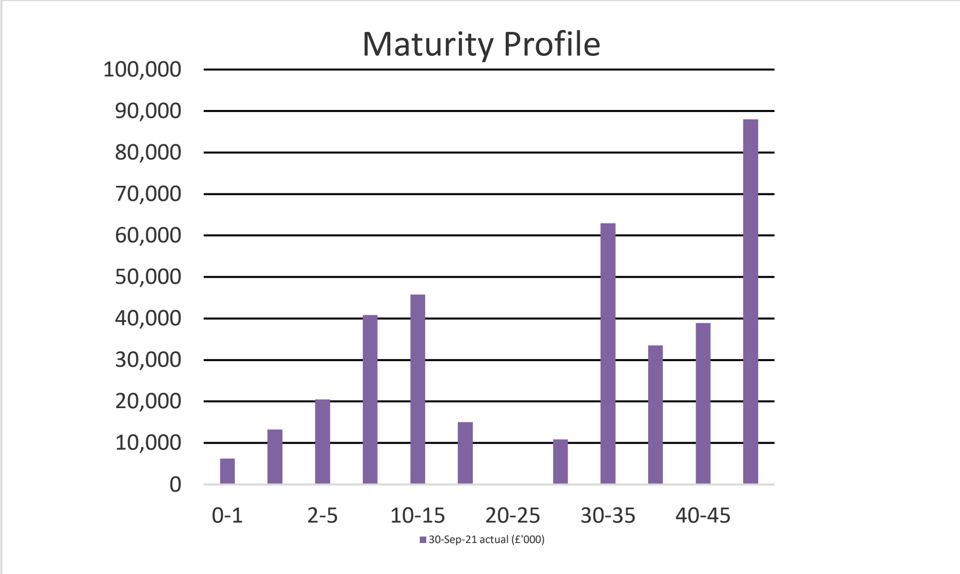
3.22 Three PWLB loans matured during the first six months and were repaid as set out in Table 3.7 below. One short term loan was also repaid during this time.

Table 3.7

Loan	Date repaid	Principal	Maturity	Interest rate
PWLB	01/05/21	£2.5m	25 years	8.125%
PWLB	24/09/21	£10m	11 years	3.58%
PWLB	03/08/21	£0.662m	27 years	8.5%
Renfrewshire Council	16/08/21	£10m	0.5 years	0.08%

Current Loan Maturity Profile

3.23 The graph below sets out the current loan maturity profile for the Council, which remains consistent with the approved Strategy.



Part F – Debt Rescheduling

3.24 Debt rescheduling opportunities have been very limited in the current economic climate and as such, no debt rescheduling has been undertaken to date in the current financial year.

Part G - Introduction of Reporting Standard IFRS16

3.25 International Financial Reporting Standard 16 – Leases will come into operation from 1 April 2022. The standard brings the value of assets where the Council has the right of use including lease agreements onto the Council's balance sheet. The standard also requires that these values are reflected in both capital and debt calculations. This standard has implications on treasury prudential indicators, particularly the Capital Financing Requirement as well as the Operational Boundary and Authorised Limit.

3.26 Work is progressing on the implementation of the new standard and an update of the likely implications will be incorporated into future reporting and in the 2022-23 Treasury Strategy.

4 POLICY IMPLICATIONS

4.1 There are no direct policy implications associated with this report, however the Council's treasury management activity is determined by the policy framework set out in the approved Treasury Management Strategy.

5 INTEGRATED IMPACT ASSESSMENT

5.1 The subject of this report has been considered and given there is no change in policy direction, there is no requirement to undertake any further impact assessment.

6 RESOURCE IMPLICATIONS

6.1 Financial - There are no direct financial implications associated with this report however the Council's Treasury Management activity clearly has a significant impact on the management of the Council's financial resources.

6.2 Personnel - none

6.3 Other – none

7 BACKGROUND PAPERS

7.1 Treasury Management Strategy 2021/22 to 2025/26 – East Lothian Council 2 March 2021

Author's Name	Ann-Marie Glancy Doreen Pringle Karen Duff
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DATE	19 November 2021

East Lothian Council

REPORT TO:	Audit and Governance Committee
MEETING DATE:	30 November 2021
BY:	Chief Executive
SUBJECT:	Service Risk Registers

9

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1 PURPOSE

1.1 To present to the Audit and Governance Committee the Infrastructure, Communities, Corporate Support and Finance Service Risk Registers (Appendices 1-4) for discussion, comment and noting.

1.2 All Service Risk Registers are developed in keeping with the Council's Risk Management Strategy and are live documents, reviewed and refreshed on a regular basis, led by Local Risk Working Groups (LRWG).

2 RECOMMENDATIONS

2.1 It is recommended that the Audit and Governance Committee notes these Service Risk Registers 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 Infrastructure, Communities, Corporate Support and Finance risks 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 the services and are likely to be a feature of the risk registers over a number of years.

3 BACKGROUND

3.1 The Risk Registers have been compiled by the Service 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 As per the Council's Risk Strategy only the Very high and High risks on each register are reported to the Committee.

4 POLICY IMPLICATIONS

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

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 each Service 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 Registers should be met within service 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 these registers will require the support and commitment of the Risk Owners identified within the registers.

7 BACKGROUND PAPERS

7.1 Appendix 1 – Infrastructure Risk Register 2021-22

7.2 Appendix 2 – Communities Risk Register 2021-22

7.3 Appendix 3 – Corporate Support Risk Register 2021-22

7.4 Appendix 4 – Finance Risk Register 2021-22

7.5 Appendix 5 – Risk Matrix 2021

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DATE	18 November 2021

Infrastructure Risk Register 2021-22

Date reviewed: 18 November 2021 **APPENDIX 1**

Risk ID	Risk Description (Threat/Opportunity to achievement of business objective)	Risk Control Measures (currently in place)	Assessment of Current Risk: Likelihood	Impact	Risk Rating	Planned Risk Control Measures	Assessment of Residual Risk [With proposed control measures]: Likelihood	Impact	Residual Risk Rating	Risk Owner	Timescale for Completion / Review Frequency	Evidence held of Regular Review
			L	I	L x I		L	I	L x I			
INF 1	Roads Budget/Expenditure An increase in the cost of raw materials, resources and commodities is impacting on the budget/expenditure of the service resulting in a reduction in the extent of all works carried out. As Roads Authority we have responsibility for maintenance of the Road Network within East Lothian Council. Given current restrictions due to COVID19 and uncertainty of how long these will extend there is a real risk that we can't properly maintain and renew the road network. If we are unable to do so the condition will deteriorate. This will then result in increased costs to repair/maintain and renew the road network as we move forward. There is a potential impact on the supply chain from above and due to Brexit.	Best value/procurement exercise. Use of Scotland Excel and local purchasing contracts when appropriate. Working closely with ELC Procurement on this. Whole-life costing in place. Continue to maintain an adequate Asset management regime. Report annually to PPRC in relation to road condition and recommendation of spend for following year. This risk will be constantly reviewed over the next few months and amended accordingly.	5	4	20	Review capital programme, prioritise repairs based on needs assessment. Consider delaying non-essential capital works to allow backlog of works to be reduced. Continuous review of Procurement and cost escalation. Develop as COVID19 restrictions are lifted and Brexit impact becomes known. Ensure the capital budget allocated is applied to the identified capital programmes on existing assets. We will pay close attention to announcements from Government to ensure we continue to comply with all relevant guidance and requirements.	4	4	16	Service Manager - Roads	December report to PPRC then feed in with budget process through to March 2022	Risk refreshed June 2021 with no change to scores. Risk refreshed July 2020 risk scores increase from 9 and 6 to 20 and 16
INF 2	Purchase of Council vehicles A reduction in future purchase of Council vehicles would result in revenue / maintenance expenditure costs rising. Requirement for the fleet to move to Ultra Low Emission Vehicles (ULEV) cost impact to meet climate change objectives and government legislation – Public Fleet sector target of 2025 for all cars/small vans to be ULEV, no purely fossil fuelled vehicles available to purchase from 2030.	Regular discussion with user departments on their individual requirements and within the capital budget set for replacement vehicles. Continued evaluation of existing fleet. Regular contact with vehicle suppliers to demonstrate new items available. Utilisation of Transport Scotland funding to support public sector 2025 objective.	5	4	20	Fleet strategy being undertaken combining ULEV objectives and demonstrating financial challenges associated with transition to clean vehicles – expected to be completed Nov 2021. Transport and Waste are working proactively with Finance to draw down planned capital budget to enable pre ordering of vehicles. This will minimise cost increase impact and secure vehicle orders in line with the fleet replacement strategy.	4	4	16	Service Manager - Transport & Waste	November 2021 November 2021	Risk refreshed June 2021 with risk scores increased from 4 and 4 to 16 and 9 due to the government legislation

INF 3	School Estate Expansion Risk to uncertainty with forward planning for the expansion of the school estate, where school capacities may be breached earlier than anticipated. This could result in insufficient accommodation for pupils within schools, with consequent appeals from parents and reputational damage.	Updated school roll projections are reviewed against school capacities. School expansion programme prepared and costed to inform Capital Plan. Changes in established roll projections are highlighted to Education if school capacities are projected to be breached. Strategy for managing risk agreed if no provision or budget in place for expansion. Regular cross service School Estate management meetings held where the baseline demographic information and the impact of development on school rolls and capacities are reviewed. Current staff resourcing issues in Education and SA&CPM present challenges for this work.	4	4	16	All census and revised roll projections prepared by Education in November 2020. Revisions for some sites are ongoing due to changes in phasing of new housing by developers. Housing Land Audit is being progressed by Planning. Sufficient staffing and financial resource to be allocated to projects generated by unforeseen breach of school capacities. Capital Plan interventions and S75 alongside the opportunity to refresh the capital plan and phase to match pupil product and expansion requirements.	3	4	12	Executive Director for Education & Children's Services Executive Director For Council Resources Service Manager – SA&CPM Service Manager - Planning	May 2022 May 2022 May 2022 May 2022	Risk refreshed June 2021 with current scores increased from 8 to 16 and residual score from 8 to 12. Risk refreshed January 2018 with current risk score reduced from 12 to 8.
INF 4	Education Estate – Changes to Projects Risk of unanticipated changes within Projects resulting in project cost overruns and potential delays to the project with financial consequences for the Council as well as a reputational risk. Recent projects have seen increases in scope due to suitability, condition, upgrades to catering kitchens, safer routes to school and other factors. Mitigation has not been possible resulting in costs increasing. A full survey of all catering kitchens throughout Council properties is required which is not included in the current condition survey work and needs to be resourced. Scottish Government have announced the intention to introduce free school meals for all primary aged children by 2022 as part of the 100 day commitment. Work has been initiated by SG to consider the cost and logistical implications of implementing this policy intent.	Cost planning and financial monitoring processes are in place. Change control process manages the approvals process for additional budget arising from client changes. Review project risk contingency and identify a risk value in future projects. Ensure Project briefing, budgets and cost plans are robust and include realistic allowance for further development of scope meaning few unanticipated changes during projects. Close liaison with clients throughout project process. Data updated regularly throughout the year and Annual Report submitted re-School Core Facts. Regular monitoring of information for reporting to auditors. Meetings have taken place with Scottish Futures Trust (SFT) and Scottish Government officials to ensure there is a clear understanding of the degree of logistical challenge and impact along with providing costed returns.	4	4	16	Ensure Condition and other data is maintained up to date to inform the planned delivery of works required to ensure buildings comply with statutory and legal requirements and are maintained in a good condition. Comprehensive Learning Estate Review programme underway with pre-consultation about to commence. Delivery and implementation programme to be directly linked to school condition and suitability. Budgeted, programmed plan of work for all existing property assets to confirm how these will be improved from Condition C/D to B or maintained as Condition A/B for their lifetime. Assess property estate against Scottish Government targets to address Climate Change. Plan programme of works to improve performance of buildings. Ongoing engagement with Head Of Infrastructure, Executive Director for Place, Executive Director for Education & Children's Services and Executive Director for Council Resources regarding project changes and mitigating against potential financial/reputational risks. Service Manager – SA&CPM to engage with Head Of Infrastructure, Executive Director for Education & Children's Services (PPP Project Sponsor) regarding resources and mitigating against risks.	3	4	12	Service Manager - SA&CPM Head of Infrastructure Executive Directors – Place, Education & Children's Services, Corporate Resources	May 2022 Ongoing – Learning Estate Review Ongoing Learning Estate Review Ongoing Ongoing Ongoing	Risk amalgamated with School Core Facts September 2021 to create this updated risk. Risk refreshed June 2021 with current scores increased from 9 to 16 and residual score from 8 to 12. Risk refreshed July 2020 with current score reduced from 12 to 8.

INF 5	Maintenance of Assets Risk of insufficient staffing and financial resource to carry out repairs and maintenance programmes to ensure buildings are maintained in a good condition. Core Facts returns to The Scottish Government confirm that this is a risk which requires to be addressed. A budgeted, programmed plan of work is required for all existing property assets to confirm how these will be improved from Condition C/D to B or maintained as Condition A/B for their lifetime. Significant additional financial and staff resource is required to achieve this. Failure to carry out repairs and maintenance programmes could result in unavailability of buildings e.g. school closure and reputational damage to the Council. Repairs and maintenance cost pressures and adoption of new facilities e.g. school extensions mean a real term reduction in resource and availability. This could ultimately result in a failure of building elements with the risk of closure or enforcement by Statutory or Regulatory authorities. Failure to carry our repairs and maintenance programmes could result in injury/loss of life of public building users and legal action against the Council. There is also a high risk to health and safety and of reputational damage. COVID19 has impacted upon the ability to carry out works to our assets. Currently there is an uncertainty in relation to material availability and delivery times to carry out the major summer works programme. Assess property estate against Scottish Government targets and imminent changes to energy performance requirements to address Climate Change. Plan programme of works to improve performance of buildings. Significant additional finance commitment and staff resource is required to achieve this and assess the current status and plan works to bring buildings up to the required standard.	Annual update of programme of works based on Condition, Suitability and Statutory Compliance assessments to inform budget requirement. Building Surveyor now in post who will be working on accuracy of Asset Condition information although currently is prioritising the major summer works programme. Assets Project Manager now in place whose main function will be to look for opportunities to repurpose, dispose of, or rationalise assets. The Manager will also continue to look for opportunities to co-locate and share facilities to reduce the number of assets held by the Council. This now one year into a temporary two-year contract and is focused on the office rationalisation. In order to progress review of the whole property estate, a permanent asset review team will be required. SFT SG revenue funding on new build schools Ongoing review and update of programme of works based on Condition, Suitability and Statutory Compliance assessments to inform budget requirement. Transformational work progressing to move to a Corporate Landlord Model – CIPFA building management system.	4	4	16	Ensure Condition and other data is maintained up to date to inform the planned delivery of works required to ensure buildings comply with statutory and legal requirements and are maintained in a good condition. Looking at Lifecycle Costing as part of project/business plan and review on a project basis for future capital bids and budget setting. The service continues to regularly evaluate the current situation as regards material availability and works to mitigate any adverse effects of cancelled or delayed orders for this year's major summer works programme. Review and identify staffing resource required within SACPM, Education and Engineering Services. Service review ongoing. Comprehensive Learning Estate Review programme underway with pre-consultation about to commence. Delivery and implementation programme to be directly linked to school condition and suitability. This will be supplemented by a report to PPRC in relation to this risk for other assets. Budgeted, programmed plan of work for all existing property assets to confirm how these will be improved from Condition C/D to B or maintained as Condition A/B for their lifetime. Assess property estate against Scottish Government targets to address Climate Change. Plan programme of works to improve performance of buildings.	3	4	12	Service Manager – ESBS Service Manager – SA&CPM Head of Infrastructure Executive Directors – Place, Education & Children's Services, Corporate Resources	May 2022 May 2022 May 2022 Ongoing – Learning Estate Review / PPRC report Ongoing Ongoing Ongoing	Risks on New and Existing Assets amalgamated to create new risk September 2021. Risk refreshed April 2019 with current score increased from 12 to 16 and residual score from 8 to 12.

INF 6	Maintenance of Non-Operational Properties, Non-Operational Property Portfolio and Voids Failure to maintain non-operational properties in compliance with statutory legislation, particularly in relation to Public Buildings Statutory Electrical Testing and inspections due to insufficient resources may expose the Council to legal proceedings, financial loss, service reduction, damage to its reputation and potential Health and Safety incidents in properties. Failure to maintain rental income of non-housing property portfolio due to disrepair of properties, poor financial checks on tenants, poor debt retrieval, poor implementation of rent reviews and recession. This would result in deteriorating properties, loss on rental income and increase in the number of void properties. This could result in injury/loss of life of public building users and legal action against the Council. Failure to make sufficient finance available to carry out testing and implement recommendations may result in all of the above. Scottish Government targets to address Climate Change and imminent changes to energy performance requirements for properties will require significant work to assess the current status and plan works to bring buildings up to the required standard. If voids are not kept to a minimum due to disrepair of property, delay in safety checks, and the undertaking of repairs and improvements it could lead to loss of income. There is the potential for additional voids due to COVID19 and businesses struggling financially while COVID19 restrictions have placed a significant burden on commercial businesses, resulting in financial pressures.	Funding required from limited Property Renewals budget to address identified remedial works in public buildings. Condition surveys carried out on all Common Good properties during 2021 as part of review of Common Good review. Programme of Fixed Electrical Installation in place in accordance with statutory requirements. Contractors' reports reviewed on an ongoing basis. Close liaison with and monitoring performance of framework electrical contractor to ensure inspections, reports, cost estimates, works and certification are completed timeously. Close liaison with Property Maintenance, in-house financial checks, regular debt meetings, rent review programme and early warning system in Badger asset management system. Liaise with Property Maintenance and Engineering Services to ensure prompt undertaking of safety checks, necessary repairs and refurbishment works. Providing support to local businesses, administering government grants and rent holidays, as required. Planned maintenance and liaison with Projects to programme resources and works. Processing rent holidays for any businesses struggling financially due to COVID19. Estates team continue to communicate with and provide support to tenants, endeavouring to manage situations and maintain high level of occupancy in commercial portfolio.	4	4	16	Plan a programme of condition surveys and an audit of statutory compliance including dealing with remedial works identified during EICR testing in place. Review and identify inspection and management resource required within SACPM (including Estates) and Engineering Services. Service review ongoing. Consider wider strategic review of commercial portfolio post COVID-19, including the potential reinvestment of income generated from commercial properties into an improvement programme. Continue asset rationalisation work to reduce surplus assets, non-efficient assets and reduce our carbon footprint. Aim for a focus of staffing resource and maintenance budgets on a reducing number of more efficient buildings	3	4	12	Service Manager – ESBS Service Manager – Service Manager - Strategic Asset & Capital Plan Management (SA&CPM) Head of Infrastructure Executive Directors – Place, Education & Children's Services, Corporate Resources	December 2022 May 22 May 22 Date TBC	Risk updated June 2021 to combine previous risks on Non-Operational Properties, the Portfolio and Voids with new overall scores of 16 and 12.
INF 7	Cleaning Service for Education Failure to provide cleaning services within education premises out with core provision, due to staff shortages or health pandemic. This could result in schools not being cleaned to the required standard and a breakdown of infection control potentially resulting in schools not being able to remain open, putting the council at risk.	Utilise special clean team and specialist products when required. Throughout the COVID19 Pandemic the cleaning service have been using disinfectant and sanitiser during the cleaning processes in all schools. At the end of each cleaning day each school is receiving a sanitisation using a fogger. Senior cleaners complete cleaning schedule including daily checks that all areas have been cleaned to the appropriate standard. Can also contact agency workers should additional resource be required. Since the schools returned in April 2021 some Caretaking and Cleaning staff from the few remaining mothballed buildings, are being redeployed into schools to support daytime enhanced cleaning of contact surfaces in all schools.	4	4	16	This risk is currently heightened due to COVID, however Business Continuity Plans and rationalising of resource related to deployment of staff is being prioritised to manage the demand.	3	4	12	Service Manager - Facilities	Ongoing during response to current issues	Risk scores refreshed by Head of Infrastructure September 2021 and increased from 8 to 16 and 12 due to a shortage of staff. Risk refreshed May 2021 by Service Manager – Facilities with no changes to risk scores. New risk created January 2015 by Service Manager – Facilities.

INF 8	Capital Programme Risk of adverse financial implications for the Councils capital programme in the light of unpredictable tender price indices including the impact of Brexit and COVID19. This could result in tender returns being higher than cost plans. Tender and construction costs continue to rise nationally and there are significant delays in availability of materials, due to Brexit, COVID, Suez Canal etc. East Lothian Council have received a number of national reports, information from other local authorities and notifications from contractors regarding e.g. steel, timber, plasterboard, cement shortages/increase in costs. Furniture and IT component shortages/lead-in times are also a significant challenge.	Monitoring Tender prices and benchmarking with other authorities and contracting partners e.g. Hub South East. Risk allowance incorporated within cost planning but not sufficient to deal with real cost rises experienced. Continue to monitor and adjust allowance to reflect market activity. Keep Council Management teams informed regarding costs and availability of materials. 'Lessons Learned' summary prepared by SACPM for infrastructure projects arising from current Local Development Plan, circulated to key services and discussed at meetings to identify and possible mitigations for future planning. Prioritise essential works and agree to re-programme other planned works.	4	4	16	Continue to monitor national situation with ELC Procurement, other local authorities and contractors. Prioritise capital projects according to need. Prioritise and programme Capital Plan according to need and prioritise need and timescales.	3	4	12	Service Manager – SA&CPM Corporate Finance Manager	May 2022 May 2022 May 2022	Risk refreshed June 2021 with current scores increased from 9 to 16 and residual score from 9 to 12. Risk refreshed July 2020 with residual score increased from 6 to 9.
INF 9	Waste and recycling targets and legislation. The Waste (Scotland) Regulations 2012 set out a number of provisions which help Scotland move toward the objectives and targets set out in the Scotland's Zero Waste Plan and help transition toward a circular economy. These provisions include a ban on biodegradable municipal waste going to landfill from the 1 January 2021 – ban has been delayed until 2024. Meeting the ban will have a negative impact on the revenue budget due to increases in gate fees. The Scottish Government intends to introduce legislation in June 2022 in relation to Scotland's deposit return scheme for glass, steel, aluminium and PET drinks containers. Once this is passed by the Scottish Parliament, there will then be a minimum 12-month implementation period before the scheme is operational. The scheme is likely to result in a significant loss of high value materials to the Waste Service therefore impacting on the cost effectiveness of delivering kerbside recycling services. Uncertainty over DRS and material volumes and value mean we are unable to proceed with planned procurement of kerbside collection services. The Scottish Government within the context of the circular economy bill is proposing a move away from the current voluntary approach to Scotland's Household Recycling Charter towards a more mandated approach, whereby implementation of the Charter and its supporting Code of Practice becomes a statutory obligation, placing aspects of the Scottish Household Recycling Charter and its supporting Code of Practice on a statutory footing, specifying materials to be targeted for collection or mandating how they are collected,	Waste Strategy was implemented April 2015 with a view to achieving a minimum 50% recycling & composting target. Recycling and residual collections to all domestic and commercial properties covering mixed waste, DMR, food and garden. Bring site provision including 4 Community Recycling Centres. Monitoring of national and local indicators. Waste Data Flow reporting to Waste Regulatory body. The scope of the Deposit Return Scheme announced in May 2019 is all PET, metal and glass drinks containers, effectively removing these higher value commodities from our kerbside collection, and reducing the income generated from the commodity sales, which is at present used to offset the current cost of providing the collection services. This scheme has been delayed until June 2022 implementation by Scottish Government. Additional modelling work has been carried out to take account of the changes the Deposit Return Scheme will make to both the composition and the volume of the packaging materials that will remain within our kerbside collection system. Monitoring of kerbside collection systems and targeted intervention to offer support to residents using these services. Continue reviewing supply chain for procurement of bins, boxes and bags to source best lead times and cost. Long term treatment contract started November 2019 which will allows for additional recovery and enables East	4	4	16	Procurement of new kerbside collection Contract completed, implementation process on going with new weekly service going live November 2021. Review of bulky uplift recharging provision. Prepare commodity document for process for selling with authorised suppliers and sustainable platform for disposal.	3	4	12	Service Manager - Transport & Waste Head of Infrastructure	November 2021 Summer 2022 November 2021	Risk updated June 2021 with no change to risk scores. Risk refreshed October 2019 with residual risk score reduced from 16 to 12. Risk refreshed by Senior Waste Services Officer - Strategy May 2019 with current and residual scores increased from 6 to 16 due to new legislation. Risk refreshed November 2015 – Current score reduced from 12 to 6 and residual score reduced from 8 to 6 due to implemented measures. Risk reviewed May 2014 and Residual Risk Rating reduced from 12 to 8.

	to accelerate improvements to both the quality and quantity of recycling that local authorities are collecting in Scotland and the provision of more consistent collections. Changes to global commodities markets have drastically altered following China's National Sword Policy which instigated strict quality controls on the materials it would accept through import. This has led to huge quantities of poorer quality material without end destinations being retained within the national county of origin. In the UK this has led to an oversupply of material and has reduced the rebate values paid, while East Lothian has in the most part been protected from the worst of the market decline as the box collection system allow us to monitor the material we collect for recycling and ensure it is of sufficiently high quality to attract a value from reprocessors, this continued market uncertainty is likely to increase the cost of procuring kerbside collections going forward.	Lothian to be compliant with the ban on biodegradable municipal waste going to landfill in Scotland and will not have to seek alternative arrangements out with the region. New kerbside recycling service procured, awarded 1st May 2021 with weekly service being implemented November 2021. Council will retain ownership of all materials and any associated cost related to receipt, haulage and processing. Placing all risk on the Council for the sale of the materials. Service procuring larger volumes of stock to ensure supply level is maintained and sourced at most competitive price. Recycling service change requires additional supply of containers and new weighted bag.										
INF 10	Maintenance of Burial Grounds Failing to maintain the Council's burial grounds could result in a serious injury/death to the public or ELC employees from falling headstones/memorials and a resulting financial loss due to insurance claims. There is also the risk of losing part of East Lothian`s cultural heritage through the loss of family history records on headstones and memorials and failure to comply with the Equalities Act if access paths aren`t maintained. Annual programme of consolidation continues however number of memorials considered as presenting significant risk remains at around 20% of stock. Scottish Government have now published guidance on inspecting and making safe memorial stones which places a clear burden on the Council to demonstrate a duty of care in this regard.	Responsibility for maintenance of facilities shared with Property Maintenance. Inspection of all headstones now complete North Berwick Cemetery extension has concrete foundation provided for headstones. ELC staff now responsible for installation of foundations for all new memorial stones. Additional equipment purchased to assist with roll out of headstone safety works and improve output. Priority for safety works now moved over to Amenity Services Staff from Criminal Justice Team Four years in to an ongoing programme to Dig and Deepen unstable headstones. Programme will be ongoing as further dangerous memorials become known through subsequent inspections. Labels and posts are now being put on all high risk stones asking relatives to contact SC&L. Programme of Consolidation works ongoing on a yearly basis. Toolbox talks for staff completed to cover safety aspects of working in and around headstones and to ensure consistent approach towards consolidation works. New burial sites being developed will include Pre-formed reinforced strip foundations that should prevent this risk from presenting with headstones installed thereafter.	4	4	16	Further programme of consolidation works programmed for completion March 2022 based on revised risk assessment. Round 3 of Headstone Inspection Programme to be completed by March 2022 according to agreed 3 year rolling programme (no inspections were carried out in 2020 due to COVID restrictions).	3	4	12	Team Manager – Operations (Amenity Services) Business Support - Sport, Countryside & Leisure	March 2022 March 2022	Risk refreshed by Team Manager – Operations (Amenity Services) June 2021 with no change to risk scores.

INF 11	Burial Service Inability to provide an efficient burial service and sufficient land for burial purposes would mean that the Council is unable to undertake its statutory duties, and create distress to family and mourners. An audit highlighted there is less available burial space than indicated previously. The service experiences increased demand for burial services in certain clusters while the remaining clusters activity continues. This can produce waiting times of up to 20 working days during winter as opposed to our acceptable target of 4-5 working days. Staff efficiencies and long-term medical absence place further risk on our ability to maintain an acceptable standard of service delivery.	Burial Administration now centralised and revised procedures from service review now operating. Risk Assessments and SOPs are in place, regularly updated and employees are aware of them. Training programme in place to ensure employees are qualified and induction session delivered for all burial staff on current procedures and updated regularly by programme of Toolbox Talks. Burial Strategy now adopted by ELC. Communication procedure with the Registration Service in place. New procedures for management of burials are now operational. Continuing to work under current Covid restrictions until government guidance changes. Working towards local provision where suitable land is available.	4	4	16	In Prestonpans we are awaiting neighbouring housebuilding to complete, which is anticipated late summer 2021, prior to commencement of cemetery construction. Potential site identified for Tranent Cluster and desktop study concludes that land is suitable for development. Estates instructed to commence negotiation to purchase. Complete negotiations and secure ownership of land according to priority list. Site inspection programmed for 2021-22.	3	4	12	Principal Amenity Officer Business Support Sport, Countryside & Leisure	December 2021 March 2022	Risk refreshed by Team Manager – Operations (Amenity Services) June 2021 with no change to risk scores. Risk refreshed by Principal Amenity Officer January 2018 and residual score increased from 9 to 12 to reflect reducing burial capacity at existing sites and no confirmed alternatives at time of review.
INF 12	Roads infrastructure, bridge management and street lighting These are all major issues for the council given its responsibility for key routes. Any failure in provision/ maintenance may lead to closures, disruptions, adverse public reaction in terms of expectation. A healthy road network aids in enabling a vibrant economy and future economic development. The level of investment in street lighting replacement and maintenance is linked into the holistic road service budget.	Appropriate inspection & assessment regimes in place although reduced during COVID19. Register of road bridges, underpasses, footbridges and culverts completed. Partnering in the Scottish National Road Condition Survey. Consultation with Councillors and constituents in place on annual maintenance plan and Roads Asset Management Plan in place. Annual programme of roads maintenance works in place aimed at reducing the percentage of the roads network in amber/red condition. Regular monitoring of the condition of street lighting units. An electronic system to log all complaints and reports of road defects/lighting faults is in place in conjunction with the call centre system (LAGAN) at Macmerry. This ensures all reports are recorded, actioned and monitored under the Road Network Management ISO:9001 Quality System.	4	4	16	Review capital programme, prioritise repairs based on needs assessment. Consider delaying non-essential capital works to allow backlog of works to be reduced. Continuous review of Procurement and cost escalation. Develop as COVID19 restrictions are lifted and Brexit impact becomes known. We will pay close attention to announcements from Government to ensure we continue to comply with all relevant guidance and requirements.	3	3	9	Head of Infrastructure Service Manager - Roads	October for PPRC then feed in with budget process through to March 2022 Ongoing Ongoing	Risk reviewed June 2021 no change risk scores. Risk refreshed June 2020 with current score increased from 4 to 16 and residual from 4 to 9.

INF 13	PPP Project Failure to adequately resource contract management arrangements will have subsequent issues related to contract compliance, financial risks and deterioration in asset base. Compliance issues include, but are not limited to: asbestos, fire, water quality, building fabric and building services (significant safety and reputational risks). Contract management issues at risk include, but are not limited to: contract guidance for users, benchmarking, Education PPP Specification and curriculum development (modernisation). Asbestos treatment at pre/post of PPP Contract and changes to legislation again form significant risks for ELC including statutory/legislative/management and financial risks. The agreed process is in place however appropriate resources require review. This is also a reputational risk. Fire – Full review of Fire Plans etc. required due to changes in ELC PPP Estate. The agreed process is in place however appropriate resources require review. PPP Future Risk items including Handback preparations. Treasury guidance for the management of PPP Contracts state a minimum of 2% of Contract Value to be spent on Contract management (and this is the basis on which ELC received Government support). Currently the PPP Contract Monthly Unitary Charge is £1,042,021.54 per month or £12,504,258.43 per annum. Expansion of Secondary Schools leased to Innovate under PPP Project Agreement. Failure to conclude Supplemental Agreements in sufficient time to meet timescales for the completion of the extensions resulting in insufficient capacity for pupils. This could result in future reputational risk to the Council. COVID19 and the subsequent new guidance for schools has resulted in more space required at schools and could potentially lengthen contracts. Risk of PPP Provider falling into financial difficulty or insolvency. PPP Provider IML employ FM service staff, apart from Catering, for the 6 secondary schools, the Mercat Gait Centre and the Musselburgh Community Centre and are contracted to carry out maintenance and lifecycle works on the buildings until 2035. If IML were to fail there is a risk that schools and other buildings would not operate and the Council would need to step in.	Formation of Senior Learning Estate Management Board and WHS Board to be replicated to deliver on significant capital projects Service Manager has engaged with Service Review Team and Finance to update job descriptions for PPP Project Officer (Grade 10) and PPP Project Assistant (Grade 7-including a review of resources available. Application of Lessons Learned from experience of preparing documentation for Dunbar Grammar School extension. Allocation of sufficient time for process and ensure Council approval for procurement route for extensions. Although in place in principle, this measure is not wholly within the control of the Council and requires input from IML legal and technical advisors at the appropriate time. A report on Procurement of Secondary School extensions was approved by Council which set out the procurement route for all extensions and the associated risks. Contingency plans developed and in place to resolve ongoing issues with legal approvals, delay caused to construction works and delivery of projects at Ross and North Berwick High Schools Ensure Project Agreement is implemented and Unitary Charge paid timeously. Reviewing lifecycle expenditure to ensure investment in the PPP leased buildings is maintained at an acceptable level. Financial accounts provided by IML at Innovate Board Meeting. ELC Finance to comment. Cease of LIBOR raised as a risk by ELC at last Innovate Board Meeting on 29th April 2021 – IML have yet to comment on the effect that this has had on Innovate.	4	4	16	Service review to refresh the establishment and match work demands with capacity and resource and recruit to positions identified. Planned return of Schools Estate Planning Officer post to Strategic Asset & Capital Plan Management team to increase capacity for Team Manager – Schools Estate & PPP Project Governance around separate contracts for installation, maintenance and lifecycle replacement of equipment or approve instruction through the PPP contract. Financial approval required to address compliance risks highlighted. An updated procurement report is required, revising key programme dates and incorporating what has been carried out to date, as well as recommending procurement for remainder of growth projects. Recent processes completed for Ross High School and North Berwick High School expansions are to be reviewed by educational, technical and legal teams to identify any possible improvements and mitigation of risks. ELC Finance to review and report on current financial status of Innovate.	2	4	8	Executive Director for Education & Children's Services (PPP Project Sponsor) Service Manager - SA&CPM	May 2022 Date TBC Ongoing Ongoing March 2022 November 2022	Expansion of Secondary Schools Risk amalgamated with this risk September 2021 with risk score reduced to 16 and 8 from 20 and 12. Risk added June 2021 by Service Manager – Strategic Asset & Capital Plan Management

INF 14	Current Asset Data Asset data for operational properties requires continual review otherwise insufficient information is held to prioritise planned investment in buildings. Potential risk to occupants, contractors and members of the public from failure of building elements or systems. Asset data requires continual updating and aligned to financial information as if this is not updated and accurate the data cannot be sued to inform decisions regarding future of properties. A recent Finance audit identified the Council would benefit from investment in an integrated IT system recording all assets. A comprehensive, maintained asset database is required with full access for all relevant parties.	Limited annual desktop updates carried out on existing data informed by feedback from maintenance team. 3rd Phase of 3 Phase building survey now completed but significant QA issues identified and being dealt with. Building Surveyor working on accuracy of Asset Condition information.	4	4	16	A new cycle of building surveys shall commence on completion of QA issues identified. Internal and External resources will be allocated to enable these surveys and comprehensive 5 yearly reviews. Implement a comprehensive asset management database for operational and non-operational property, with access available to all relevant services e.g. Finance, E&BS, SACPM. This will require staff and financial resource to deliver in key services, with input by IT and Improvement.	2	4	8	Service Manager – ESBS Service Manager – SA&CPM	June 2026 March 2023	Risk refreshed June 2021 with current scores increased from 12 to 16. Risk refreshed July 2020 with no change to assessment of risk scores.
INF 15	Musselburgh Flood Protection Scheme (MFPS) MPFS is a major project being advanced under the Local Flood Risk Management Plan (Forth Estuary) and funded at a rate of 80% under the Scottish Government's Flood Protection Scheme Programme. In summer 2021 a managed 'Pause and Review' of the national FPS Programme is being commenced by Scottish Ministers, with a view of re-determining the validity of each project and thereafter the structure of the programme once it re-starts. The risk is that MFPS may not be on the recommenced programme or that the intervention rate may not remain at 80% for the restarted programme.	MFPS is being advanced by a Project Management Team under a formal PRINCE2 Project Management System, therefore financial exposure is always only to the current stage which ends at a formal stage gateway before the next stage. The project has a risk management process and a Risk Register. The project regularly updates with the Scottish Government's Flooding Policy Team and liaises with them on any key developments on the Scheme	3	4	12	The Project Team will continue to liaise with SG's Flooding Policy Team. It is currently assumed that due to existing legal contractual commitments the Scheme does not need to pause before the end of the current stage – i.e. late 2022. The Project Team have responded to a request for information from the 'Pause & Review' management team. Evidence confirming the: (i) scale of flood risk; (ii) the value for money; (iii) the robustness of the project team, systems, programme and approach to consultation; (iv) the preparedness to deliver; and (v) the scale of multiple-benefits to Musselburgh, ELC and regionally through their Scheme being delivered in partnership – is being prepared. It is assumed this Scheme will present near the top of any new national prioritisation.	2	4	8	Service Manager - Roads	Autumn 2022 March 22	New Risk added June 2021 by Service Manager - Roads
INF 16	Public Road Network Maintenance Failure to adequately plan maintenance activities on the public road network could lead to conflict with the requirements of other roads users, including public utilities, events and members of the public. Also failure to comply with the requirements of the Scottish Roads Commissioner such as keeping the gazetteer up to date and other statutory obligations under the Transport Scotland Act and the New Roads and Street Works Act could result in fines from the Scottish Roads Commissioner (as occurred this year) as well as a reputational impact on ELC if events have to be cancelled. As Roads Authority we have responsibility for maintenance of the Road Network within East Lothian Council. Given current restrictions due to COVID19 and uncertainty of how long these will extend there is a real risk that we can't properly maintain and renew the road network. If we are unable to do so the condition will	Report annually to PPRC titled "Roads Asset Management - Annual Status and Options Report". This report presents a summary of the council's road assets and: • Describes the status of the asset, its current condition, and performance; • Defines the value of the assets; • Details the service that the asset and current budgets are able to provide; • Presents the options available for the future. Annual road maintenance plan/schedule in place although impacted by COVID19. Weekly works planning meetings where any impact on the Scottish Road Works Register is monitored. Register held of all events which is refreshed regularly.	3	4	12	Review capital programme, prioritise repairs based on needs assessment. Consider delaying non-essential capital works to allow backlog of works to be reduced. Develop as COVID19 restrictions are lifted and Brexit impact becomes known. We will pay close attention to announcements from Government to ensure we continue to comply with all relevant guidance and requirements.	2	4	8	Road Services Manager	October for PPRC then feed in with budget process through to March 2022 Ongoing Ongoing	Risk reviewed June 2021 no change risk scores. Risk refreshed June 2020 with current score increased from 4 to 12 and residual score from 4 to 8.

	deteriorate. This will then increase the cost to repair/maintain and renew the road network as we move forward. In accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Transport Infrastructure Assets, road assets are split in to 6 distinct Asset Groups: Carriageways; Footways and Cycleway; Street Lighting Status; Structures; Traffic Management Status and Street Furniture. It basically sets out estimated value of asset, condition and as officers we make a recommendation of investment to be in place to either keep the steady state our improve condition of asset going forward. This feeds into budget setting. The Audit and Governance Report has suggested a capital bid of £9m for the last two years to deal with street lighting. A £2m increase across road services has been provided to cover all road assets which leaves a shortfall.	Regularly train and develop staff, within new Road services Structure and continue to review and make changes to service area as required within the resources available.										
INF 17	Building Standards Team Recruitment constraints faced by the Council could lead to the Building Standards Team not being able to maintain a level of staff that is adequately qualified, trained and competent to carry out the Building Standards duties of verification, enforcement, licensing etc. to the targets expected in BSD's new performance framework. BSD recent audit resulted in 3 year extension to the verification role subject to successful completion of Improvement Plan. Failure to improve could lead to the Council losing the verification role. Service Reviews were carried out in 2016, 2019 and a current refresh is underway; however, there is an ongoing inability to recruit suitably qualified BS Surveyors & Inspectors resulting in an inability to meet targets.	Monitoring of workload to fee income, performance to staffing levels and project complexity to staff abilities and training. Involvement with the Local Authority Building Standards Scotland (LABSS) and the BSD to influence delivery of the new performance framework of 9 performance outcomes and a risk based inspection regime for Reasonable Inquiry to deliver compliance with the building regulations. Two new Building Standards Surveyors commenced June 2021. Work continues to be outsourced to Argyll & Bute Council to minimise backlog. Commitment made to re-invest Building Standards Income within the service. Continue to measure BS performance against set KPO's. Scottish Government (BSD) recognise the national shortage of suitably qualified and experienced Building Standards staff and launched a Workforce Strategy to create a sustainable BS workforce for the future. ELC have attended workshops on this.	3	4	12	Looking to recruit to ongoing vacant Building Standards Inspector and Technician.	2	4	8	Service Manager – ESBS	Ongoing	Risk refreshed June 2021 with no change to assessment of risk scores. Risk Refreshed November 2014 and residual risk score reduced from 12 to 8.
INF 18	Dangerous Buildings Higher enforcement workload in terms of dangerous buildings for Officers due to various reasons (including increasing instances of severe weather and owners unable to maintain their properties) resulting in increased risk to members of the public. Service Reviews were carried out during 2016 and 2019 and implemented; however, there is an ongoing inability to recruit suitably qualified BS Surveyors resulting in inability to meet targets.	Climatic and financial factors are outwith East Lothian Council's control. No contractual obligation for staff to provide an out of hours dangerous buildings service which therefore relies on the goodwill of the BS Manager and two Senior BS Surveyors to provide cover outwith office hours. Further review carried out and 3 new Posts filled March 2019 (Surveyor, Inspector & Technician). Two new Building Standards Surveyors commenced June 2021. Work outsourced to Argyll & Bute Council to minimise backlog. Commitment made to re-invest Building Standards Income within the service.	3	4	12	Continue to monitor situation with revised workforce in place and further review to take place re-home working.	2	4	8	Service Manager – ESBS	December 2021	Risk refreshed June 2021 with no change to assessment of risk scores. Risk Refreshed February 2015 with current score reduced from 15 to 12 and residual score from 10 to 8.

INF 19	Tree Estate Failure to manage and maintain the Council`s tree estate including a failure to monitor for the current risk from tree diseases resulting in potential damage to people and or property. Also potential negative impact on the landscape and character of East Lothian and its towns and villages, biodiversity, health & wellbeing of residents and the local economy and tourism, as well as ability to achieve climate change targets in the Council's Climate Change Strategy through carbon offsetting. A separate risk on Ash Dieback tree disease has been added to the Corporate Risk Register. Ash Dieback has significant implications for the Council (health & safety, financial, reputational and environmental implications) which have elevated this specific risk to Corporate Risk Register due to its difference in level of risk management and overall tree management responsibility.	Regular inspections undertaken as well as monitoring for tree diseases within the tree estate with record kept of trees inspected. Record kept of arboriculture work undertaken. Annual programme of tree planting and record kept of trees planted. All forestry staff have appropriate qualifications, training and experience. Risk Assessments and SOPs in place and regularly updated for all arboriculture and forestry work which employees are aware of. Woodland Action Plan in the Biodiversity Action Plan. Advice provided to volunteer groups on tree planting around the county, on an ongoing basis.	3	4	12	Survey of all Council owned trees on their condition and location has commenced and a rolling inspection programme to be set up. Resourcing issues are such that survey progress will be limited and completion will take an extended period of time. Purchase of specialised Tree Management software to allow mapping and detailed recording of condition & history intended. Policy intent approved by Cabinet (January 2021) for an East Lothian Climate Forest; currently being taken forward by an in-house Climate Forest Steering Group which includes the Tree Officer.	2	4	8	Tree Officer Business Support Sport, Countryside & Leisure	March 2022 March 2022 10 year strategy to 2031 with annual review.	Risk refreshed by Team Manager – Strategy, Policy & Development (Amenity Services) August 2021 with no change to risk scores. Risk refreshed by Head of Infrastructure Dec'14 with Current Score reduced from 16 to 12 and residual score from 10 to 8.
INF 20	IT systems (e.g. server, AutoCAD) Failure of these systems to support service delivery due to power failure or other IT issues would impact on ability to carry out design work and to monitor and control contractors operations. Inability to vet contractors competences, carry out financial control, communicate over IP telephony and produce contract documentation. These complex software systems have faced significant challenges during remote working due to Covid. Staff have been unable to operate at normal productivity levels. The CAD systems affected include Autodesk Autocad and Revit. Other systems have also been affected e.g. Mail Manager, Badger, causing significant productivity/business continuity challenges. Issues caused by IT 're-imaging' of laptops have also been challenging, in terms of productivity and business continuity. Availability of hardware is a significant risk to business continuity – Current lead-in time for standard laptops is six months. This is a challenge for recruitment of new staff and for lifecycle replacement of existing equipment. Due to remote working being required during the pandemic, staff have had to take Council IT equipment home in order to meet Display Screen Assessments to comply with Health & Safety legislation. This leaves office spaces deficient and will require to be addressed corporately if a 'blended' model is the future return to workplaces. It has been highlighted by the IT service the Bracken server which houses all the technical files for the SA&CPM and Engineering Services teams is close to capacity. High risk of non-operation and data loss, resulting in catastrophic failure of business continuity and reputational damage. High financial risk to contract management and project delivery.	IT are aware of the need to return SACPM IT systems operational if there was an incident affecting them. The timescale for this would depend upon the scale of the incident. Systems are backed up and mentioned within the SACPM Business Continuity Plan. Replacement of some systems initiated but not fully resourced or programmed as yet e.g. Badger, NBS. Ongoing communication with IT service for awareness. Raised at 'Working Differently' Group and Infrastructure Management Team meetings. Raised at 'Working Differently' Group and Infrastructure Management Team meetings.	3	4	12	IT service need to increase capacity and improve timescales to deal with issues outlined, resolve for remote working as much as possible, and advise if other solutions are possible. IT service to resolve availability of hardware and lead-in times for delivery (subject to international market). IT and Transformation/ Improvement resources required to support the service through changes. IT to arrange replacement of the Bracken server, providing sufficient digital storage for files.	2	4	8	Service Manager – SA&CPM Service Manager - IT	December 2021 December 2021 December 2021 March 2022	Risk refreshed June 2021 with current score increased from 8 to 12 and residual score increased from 4 to 8

	Increased data storage requirements are inevitable due to transformation, 'New Ways Of Working' (scanning of paper files), Building Information Modelling and value of capital projects.											
INF 21	Solid Fuel Installations and Safety Failure to Manage Solid Fuel safety on all Solid Fuel Installations in ELC Housing Properties leading to potential CO poisoning of tenants, increased risk of house fires and potential risk of prosecution. Chimneys are generally in poor condition while the Council are unable to control fuels burnt in solid fuel appliances.	Programme for Solid Fuel Servicing terminated end of 2018. New servicing contractor in place from April 2019. Heating replacements to energy efficient, low carbon alternative fuels are available and being installed but implementation is difficult due to customer refusals. Contractor in place for removal and replacement of solid fuel systems. Policy in place that properties are replaced upon becoming vacant.	2	5	10	Programme for removal and replacement of solid fuel systems ongoing in remaining 37 properties. Gas supplies have been installed to all Council houses in gas areas to enable rapid replacement when consent received.	1	5	5	Service Manager - Engineering Services & Building Standards (ESBS) Service Manager - Property Maintenance	March 2022 to review numbers installed.	Risk refreshed July 2021 - no change to risk scores. Refreshed 2019 by Head of Service with Residual Score reduced 10 to 5 and Current Risk Score reduced 15 to 10. Also H11

Original date produced (Version 1)	9th January 2013				**Risk Score**
File Name	Infrastructure Risk Register				**20-25**
Original Author(s)	Scott Kennedy, Risk Officer				**10-19**
Current Revision Author(s)	Scott Kennedy, Risk Officer				**5-9**
Version	**Date**	**Author(s)**	**Notes on Revisions**		**1-4**
21	September 2020	S Kennedy	Final review prior to presentation to A&G Committee.		
22	January 2021	S Kennedy	New risk regarding Enjoy ALEO added.		
23	May 2021	S Kennedy	Facilities and Sports risks reviewed and updated.		
24	June 2021	S Kennedy	Waste, Transport, Roads and SA&CP reviewed and updated.		
25	June 2021	S Kennedy	SC&L and E&BS Risks updated.		
26	July 2021	S Kennedy	Full Register reviewed by all Service Managers		
27	August 2021	S Kennedy	Register updated following CMT review		
28	September 2021	S Kennedy	Register fully reviewed and updated by Executive Director for Place and Head of Infrastructure		
29	November 2021	D Proudfoot/T Reid	Register further reviewed and updated by Executive Director for Place and Head of Infrastructure		

Communities Risk Register 2021-22 **Date reviewed: 18 November 2021** **APPENDIX 2**

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			
C1	**Customer Services / Contact Centre I.T. Systems** Failure of IT customer interface systems (including Telephony) would render the Council: • Unable to deliver customer services some of which are vital 'life and limb' services i.e. community alarm/telecare services for 3 Councils and 2 Housing associations/adult and children's social work calls/out-of-hours emergency calls • Data unable to be inputted onto databases • Customers unable to access self-service and get on-line • unable to meet customer expectations resulting in reputational damage, service level breach, poor publicity and failure to provide essential services.	Business continuity plan in place, tested annually and review actions implemented. Any short term system outages/incidents test resilience and inform BC Plan. Regular meetings with staff to ensure they are aware of business needs; staff procedure up to date, staff trained and aware of outcomes and controls. 3rd party provider support and BC plans held ESS/Overdrive//MODES). Manual 'back-up' procedures in place to support service provision, where possible: Social work service advised of any telephony problems in order that they can check on most vulnerable clients and make contacts, carers and emergency response service aware. Alternative backup solutions identified where possible e.g. Netcall 2nd server, Assure (libraries) etc. Review of Netcall Telephony Management system (currently 2 versions behind current version). Customer Service Platform currently developed and services transferring over from CRM. CCTV system upgrade, review of static and mobile camera use. Public Network refresh in progress. The majority of I.T. systems are Public Sector Network (PSN) compliant with the exception of Integrated Room Booking System (IRBS) and Customer Relationship Management (CRM)	4	4	16	New Customer Relations Management System / Customer Services Portal / implementation programme ongoing. Phase one implemented March 2020 and ongoing. Waste services is now live - March 2022 for complete transfer from CRM. Netcall Management System contract extended to June 2022. Work in progress on CCTV replacement and upgrade Funding identified by IT to upgrade/replace PN hardware and support – working group to be established. Continuing work to replace the CRM with the new Customer Platform prior to the existing Verint CRM system no longer being supported by Verint – 30.9.21. Full transfer of work to new Platform not due to end of financial year March 2022. Numerous delays compounded by COVID and resource issues. IRB booking system supported but not upgraded so restrictions on use. Bookings to transfer to booking live – December 2021.	2	3	6	Service Manager - Customer Services	March 2022 June 2022 March 2022 March 2022 December 2021	Risk refreshed by Head of Service – October 2021 – no change to assessment of scores. Risk register refreshed by Service Manager – September 2021 with no changes to assessment of scores. Risk refreshed by Head of Service October 2020 with no change to assessment of scores. Risk refreshed by Service Manager - Customer Services October 2019 with no change to assessment of scores. Risk refreshed by Customer Service Managers January 2017 with current score increased from 9 to 16 and residual score reduced from 9 to 6.

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			
		Library Booking System contracts extended to March 2022.				Library Management System MS replacement being sought with procurement expected in January 2022 and implementation by end of September 2022.					September 2022	
C2	**Service Capacity – Staffing** Breadth of Community Services service delivery across East Lothian and ongoing staffing pressures, underpinned by budgetary constraint, stretches resources leading to an inability to sustain services which may impact on the ability to safely deliver priority 'back-office' and frontline services e.g. Customer Services and Libraries, Contact Centre, Community Centres, Food Safety Inspections etc. This risk is heightened by the workforce profile and demographic which may lead to increased vacancy rate, staff absence and staff turnover and ongoing COVID-19 related absences. Service continuity and succession planning may be challenged where services are delivered by single specialist post-holder. Failure to address this risk could lead to: • Inability to develop service and staff skills/knowledge • Inability to effectively meet stakeholder and customer demand • Reduced ability to introduce legislative changes effectively • Challenge in appropriately resourcing services (staffing and equipment) e.g. new school library • Workforce capacity pressures (e.g. attendance management, role redesign) resulting from service developments to meet strategic priorities e.g. new ways of working, digital strategy, asset management, financial strategy, within budget allocation. Communities' staff teams have been integral to the delivery of the Council's COVID-19 response, requiring staff to be redeployed from core activities to enable this work, resulting in service pressures and backlogs as COVID-19 recovery progresses – this may lead to temporary heightened risks within services. High internal turnover of staff within Customer Services due to higher graded/promoted posts being available in other services. Challenges currently in recruitment to a wide range of vacant posts across Community Services which may be a	Service Plans and Business Continuity Plans in place. Upskilling and development of staff teams to respond to COVID 19 emergency service requirements and new ways of working. Customer Services Partnership working with Midlothian and Scottish Borders Council expanding which expands service provision and generates service sustainability and income; continuing exploration of further business opportunities and income streams. Effective operational and staff management, deploying ongoing service reviews, service development and staff management, policies and procedures. Flexible deployment of staff and Locum/casual/relief posts, and engaging with volunteers e.g. within the Museum Service, to meet peaks and troughs of service demand. Daily review of front-line staffing capacity and decision making re-reducing opening hours of some facilities e.g. libraries, community centres, ensuring community and partner services are advised as early as possible. Recruiting additional relief Community Development Assistants within Connected Communities Service to provide greater capacity and flexibility, working across community centres to improve knowledge of how different facilities operate and increase flexibility of staff available. Active monitoring of staffing budgets with Finance to move staffing resource to where it is needed Close monitoring of RIVO in relation to staff experiences/stress and risk assessments completed. Provision of effective staff Induction and ongoing training e.g. Digital training, Mental Health, Health and safety etc. Performance Indicators analysed informing service delivery and management and supporting external	4	3	12	Develop graduate intern/KickStart opportunities to meet service professional requirements. Roll-out of Customer Service platform improving linkages to other systems and enable access to self-serve for customers, and over time, reducing resource demand within services. Service Reviews in Customer Services, Connected Communities and Protective Services with inputs from HR and Finance to ensure appropriate role and grading definitions within the service and broader corporate context. Review Customer Services and Connected Communities Service physical assets in the context of the Corporate Asset Strategy as regards Asset Rationalisation and Place Making. Daily monitoring of staffing and resource capacity leading to interim operational arrangements regarding service provision and operating hours in response to staffing pressures. Phased reopening of Customer Services and Community Services community buildings and public access to enable resources to be deployed to meet priority Covid-19 response requirements. Review of Head of Establishment role and remit, including emergency Call Out arrangements to minimise demands on front line staff.	2	3	6	Service Manager – Customer Services Service manager – Connected Communities Service Manager – Protective Services Service Manager – Performance, Improvement and Partnerships	April 2022 April 2022 March 2022 Ongoing Ongoing March 2022 March 2022	November 2021 - Risk reviewed by Head of Service to encompass all service capacity/staffing risks within the Communities Group. No changes to assessment of scores. Risk register refreshed by Service Manager – September 2021 with no changes to assessment of scores. Risk refreshed by Head of Service October 2020 with residual score reduced to 6. Risk refreshed by Service Manager – Customer Services in the context of COVID-19 service response – 2.10.19 with current risk increased from 9 to 12. Risk refreshed by Head of Communities and Partnerships August 2018 with Current Score reduced from 12 to 9.

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			
	short term COVID-19 or Brexit related issue, set in the context of wider economic recovery and a buoyant recruitment market. Unsuccessful recruitment campaign may impact on the Council's reputation as an employer and may impact on service delivery and project deadlines.	funding bids for service development/redesign. Promote alternate customer service options i.e. channel shift to increase online service delivery, and reduce face-to-face and cash handling service provision. Continue to Identify critical 'specialist' work and contingency measures such as cross training, shadowing, alternative 'backup' provision and support arrangements: staff encouraged to work jointly, where appropriate, with Project team approach to some areas of work. Cross team training on issues such as project management and good relations with partner organisations such as the Improvement Service which allows for secondment of staff with specialist skills. Support access to appropriate professional development/qualifications informed by PRDs.										

Original date produced (Version 1)	06 May 2014
File Name	Policy and Partnerships Risk Register
Original Author(s)	Scott Kennedy, Risk Officer
Current Revision Author(s)	Scott Kennedy, Risk Officer

Version	**Date**	**Author(s)**	**Notes on Revisions**
15	October 2020	S Kennedy	Full Register reviewed by Head of Service
16	June 2021	S Kennedy	Communications Risks transferred to Corporate (Service) Risk Register
17	July 2021	S Kennedy	Policy Risks updated
18	August 2021	S Kennedy	Health & Safety and Protectives Services risks updated.
19	September 2021	S Kennedy	New staffing risks created by Connected Communities Manager and Connected Communities Risks reviewed.
20	October 2021	S Kennedy	All Customer Services Risk reviewed and updated.
21	November 2021	S Saunders	Full review and refresh completed by Head of Communities. Risks on Equality and Health & Safety removed as these are covered in the Corporate Risk Register.

	Overall Rating
20-25	Very High
10-19	High
5-9	Medium
1-4	Low

Corporate Support Risk Register 2021-22

Date reviewed 18 November 2021

APPENDIX 3

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			
Corp 1	External IT Security Threats Council IT systems are compromised by criminal **3rd party** (e.g. hacker, terrorism) - causing the loss of a system, virus/Trojan/ransomware infection or loss/disclosure of data. This potentially could have a serious impact on one or more Council services. The Council's increased participation in shared services escalates this risk as the council's network boundaries are being opened up to enable data sharing with other agencies.	Firewalls in place External facing systems are vulnerability tested at least once a year Security logs are reviewed daily Comprehensive change control and IT security measures also in place to ensure confidentiality, integrity and availability of systems. Information security awareness training of employees provided council wide and awareness sessions carried out in schools. Regular software and data backups are taken. Work with National Cyber Security Centre to keep up to date with new and emerging threats. Ensure purchase of secure systems and maintain security through system life cycle The Council complies with ISO27001 the International standard for Information Security Security systems under continuous review and patching to ensure they are still capable of controlling new and emerging threats.	4	5	20	Acceptable use policy for all ELC employees is to be refreshed by February 2022 and all employees will be expected to re-sign. This will include suitable rationale / guidance / training on the need for good practices and what they look like. Implement an Intrusion Detection System to provide earlier warning of potentially dangerous activity on the network by end of December 2021 subject to budget permitting.	3	5	15	Team Manager – Infrastructure & Security	February 2022 December 2021	Risk reviewed and updated by IT management October 2021 with no change to scores. Risk refreshed December 2015 with Current score increased from 15 to 20 and residual from 12 to 15 due to recent breach. Risk refreshed November 2014. Current Risk Score increased from 10 to 15 and Residual Risk score increased from 5 to 12 due to heightened risk.

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			
Corp 2	Internal IT Security Threats Council IT systems are compromised by the actions of an internal employee - causing the loss of a system, virus/trojan/ransomware infection or loss/disclosure of data. This potentially would have a serious impact on the business of the Council. HMG and UK Governments National Cyber Security Centre class the risk of cyber-attack in the UK as severe and threat from internal has risen due to ransomware attack increase.	Internal IT Systems are protected by antivirus, group policy etc. Security logs are reviewed daily Comprehensive change control and IT security measures also in place to ensure confidentiality, integrity and availability of systems. Information security awareness training of employees provided council wide and awareness sessions held in schools. Regular software and data backups. Work with National Cyber Security Centre to keep up to date with new and emerging threats. Ensure purchase of secure systems and maintain security through system life cycle The Council complies with ISO27001 the International standard for Information Security Continual vulnerability testing. Security systems under continuous review and patching to ensure they are capable of controlling new and emerging threats.	4	4	16	Acceptable use policy for all ELC employees is to be refreshed by February 2022 and all employees will be expected to re-sign. This will include suitable rationale / guidance / training on the need for good practices and what they look like. Implement an Intrusion Detection System to provide earlier warning of potentially dangerous activity on the network by end of December 2021 subject to budget permitting. This will include suitable rationale / guidance / training on the need for good practices and what they look like.	3	4	12	Team Manager – Infrastructure & Security	February 2022 December 2021	Risk reviewed and updated by IT management October 2021 with no change to scores. Risk reviewed and updated by IT management August 2019 with current score reduced from 20 to 16. Risk reviewed and updated by IT management October 2016 and with Current Risk score raised from 16 to 20 and residual score from 9 to 12 due to increase in current attacks in the UK.
Corp 3	Data Breach Breach of Data Protection or other confidentiality requirements through the loss or wrongful transmission of information through for example: - private committee reports, minutes or correspondence being stored or disposed of inappropriately; - loss or misdirection of material during transit; - staff being unaware of their responsibilities in respect of confidential material and/or personal data; - intentional or malicious misuse of personal data; - lack of appropriate facilities for storage or disposal of material; Risks include: - breach of relevant laws; - breach of duty of care; - harm to individuals; - legal action and fines; - requirement to pay compensation; - adverse publicity; - damage to the Council's reputation. The shift to remote and home working in response to the COVID-19 crisis has	Secure filing and storage of confidential papers and disposal of confidential waste separately from other papers. Internal mail and/or Council Contractor used to transport Private & Confidential materials. Council PCs and laptops do not accept unencrypted external storage devices. Checks on documents are made by a second clerk when relevant documents are uploaded to internet. Data Protection Policy Maintaining staff awareness through team meetings, briefing sessions and health checks Online Data Protection Training rolled out to all employees and repeated every 2 years. A record of all breaches and near misses is being maintained to inform learning and identify areas of concern	4	4	16	Acceptable use policy for all ELC employees is to be refreshed by February 2022 and all employees will be expected to re-sign. This will include suitable rationale / guidance / training on the need for good practices and what they look like. Monitoring of take up of compulsory Data Protection training with service managers being alerted to those members of staff who have not completed up to date training. Information Asset Register to be developed that links all Data Protection Impact Assessments, Data Sharing Agreements and Data Processing Agreements templates to be revised to make them more flexible and user-friendly. Re-assessment of records management arrangements to be completed in line with the requirements of the Public Records (Scotland) Act 2011, including assessment and recommendations for Dunbar Road records store.	3	3	9	Team Manager – Information Governance Team Manager – Infrastructure and Security	February 2022 January 2022 January 2022 January 2022	Risk refreshed October 2021 by Team Manager-Information Governance with increase in Current Score from 12 to 16 based on COVID-19 impact. Risk refreshed October 2017 by Service Manager with no change to assessment of score. Risk refreshed December 2015 with current score increased from 9 to 12 due to recent breach and involvement of Information Commissioner.

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			
	increased the risk of data breaches due to rapid deployment of new procedures, changing existing paper-based processes to digital ones, and shifting almost entirely to digital communications. This fundamentally increases the amount of personal information being captured in recorded form and the risk that personal data may be lost or misdirected and the Council's reliance on digital information security measures to protect data. The COVID-19 crisis itself has increased the risk of data breaches, as staff must respond rapidly to continuously changing circumstances and they have less time and capacity to perform routine checks e.g. when sending personal data externally. Since March 2020, the Council has recorded a marked increase of data breaches of varying level of severity, the majority of which have involved the misdirection of personal data under new processes/procedures. Some of these have involved delays to reporting incidents internally to the DPO/Data Breach Team. The Council's increased participation in shared services poses a risk for information security/data protection, as the council's network boundaries are opened up to enable data sharing with agencies. Paper records storage facilities (excluding the Council Archives) do not currently have sufficient access, file tracking or disaster management controls to prevent unauthorised access or accidental loss of personal data. Paper records storage procedures are not consistently applied across the Council. Any breaches could result in loss of PSN connection or fines from the Information Commissioner. Failure to improve records management arrangements could result in non-compliance with the Public Records (Scotland) Act 2011.	Data Protection Impact Assessments being completed for all business processes that involve personal information. Data Sharing Agreements being put in place for all personal information being shared. Data Processing Agreements being put in place with bodies that are processing personal information on ELC behalf. Data Protection/Information Security awareness campaign under development jointly by Information Governance, Information Security and Communications teams. All known proposals to share information are scrutinised by the IT Team Manager – Infrastructure and Security and Team Manager-Information Governance. Procurement Initiation documents check whether IT issues have been considered by new procurements. Report under draft addressing risks at Dunbar Road records store and identifying options for improvements.				Revise our disciplinary policy and procedures to ensure that a deliberate data breach is a clear disciplinary matter attracting major sanctions as gross misconduct. Data Protection Impact Assessment template to be revised to make it more flexible and user-friendly and encourage increased use by staff.					January 2022 January 2022	
Corp 4	Loss of Internet Connectivity Complete loss of ELC's circuit to the Internet, resulting in no access to external systems, which include but not limited to Pecos, SEEMIS (schools management system) external email, home working access etc. This would have a serious impact on the business of the Council.	SLA's in place with supplier who has resilient backbone in place. 2nd Internet Connection installed and Corporate and Schools Traffic now separated since June 2021.	3	5	15	Introduce a third link to Internet from network outwith Haddington subject to budget provision.	1	5	5	Team Manager – Infrastructure & Security	March 2022	Risk reviewed and updated by IT management October 2021 with no change to scores.

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			
	Although two circuits are in place from different suppliers they are both fed from the same telephone exchange.											
Corp 5	Loss of PSN Accreditation Risk of losing PSN accreditation which gives us connection to systems such as Blue Badge, Registrars of Scotland, DWP, Police etc. which could be caused by failure to comply with PSN Code of Connection and would seriously impact upon the business of the Council.	Continual monitoring of code of connection. Complying with mandatory controls set by HMG. Patching regime in place.	2	5	10	Successful completion of Online Customer Platform to replace CRM system.	1	5	5	Team Manager – Infrastructure & Security	December 2021	Risk reviewed and updated by IT management October 2021 with no change to scores. Risk reviewed and updated Sept'19 - current score reduced from 15 to 10.
Corp 6	Catastrophic failure of central IT systems Council wide Catastrophic failure of central IT systems (incl. Telephony) which could be caused by a fire/flood event, terrorist attack or a major virus. This would have a serious impact on the business of the Council. The Council's increased participation in shared services escalates this risk as the council's network boundaries are being opened up to enable data sharing with other agencies.	Disaster Recovery Plan in place for major systems. Business Continuity plan in place - backup site for systems identified and core system backup plan created. All known proposals to share information are scrutinised by the IT Security Officer and Information Governance Compliance Officer.	2	5	10	Review of IT disaster recovery plan based on lessons learned from regular testing of existing plan and response to COVID pandemic.	1	4	4	Team Manager – Infrastructure & Security	March 2022	Risk reviewed and updated by IT management October 2021 with no change to scores. Risk refreshed by Team Manager August 2019 with no change to assessment of current scores.

Original date produced (Version 1)	29th April 2021		
File Name	Corporate (Service) Risk Register		
Original Author(s)	Scott Kennedy, Risk Officer		
Current Revision Author(s)	Scott Kennedy, Risk Officer		
Version	**Date**	**Author**	**Notes on Revisions**
1	29/04/21	S Kennedy	Original Version created following Executive restructure. Previous Council Resources Risk Register split to create a Finance and a Corporate service Risk Registers.
2	06/08/21	S Kennedy	Full Register reviewed and refreshed by Head of Service and Service Managers
3	30/08/21	S Kennedy	Full Register further reviewed and refreshed by Head of Service and Service Managers
4	26/10/21	S Kennedy	Full Register further reviewed and refreshed by Head of Service and Service Managers

Risk Score	Overall Rating
20-25	Very High
10-19	High
5-9	Medium
1-4	Low

Finance Risk Register 2021-22 **Date reviewed 18 November 2021** **APPENDIX 4**

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			
F1	**Key Financial Controls** Lack of key financial controls which may cause an instance of serious financial fraud or corruption resulting in financial loss and wider reputational loss to the authority. There is an increased risk of fraud as a result of COVID through changes in processes linked to new ways of working and potential for increased fraud opportunities as a result of rapidly changing control processes.	The whole system of financial controls across the Council. Annual assurance and testing of internal financial controls through annual Governance statement. System of Internal Audit & statutory reporting framework. CMT undertake a self-evaluation framework of Corporate Governance including preparing an annual assurance statement which confirms how internal financial controls are operating within their respective service areas. Financial authorised signatories' scheme is in place with appropriate level of financial authorisation delegated to respective managers. Financial "risk rating" of services through quarterly reports with the ability to exercise enhanced financial controls. Additional COVID controls have been tested by Internal Audit and reported to A&G Committee on key areas such as creditors, payment of business support grants. Internal Audit plan is being regularly reviewed to ensure appropriate coverage of risks continue to be prioritised on an appropriate basis.	3	4	12	Processes continue to be explored as we continue to support a new way of working. Work will continue with internal audit to ensure any significant change in process has appropriate key controls in place. Assurance statement process to review areas of process change that have been introduced quickly.	2	3	6	Executive Director Council Resources Head of Finance Internal Audit Manager	March 2022 March 2022	Risk Register reviewed by Executive Director and risk score increased from 8 to 6. Risk refreshed August 2021 by Service Manager - Internal Audit, and again in November 2021. Increased assessment scores (Current from 5 to 12 and Residual from 5 to 8) reflect the increased risk of fraud as a result of COVID reductions in direct supervision and potential for increased fraud opportunities as a result of rapidly changing control processes.
F2	**Key Financial Systems** A failure of key financial systems e.g. Pecos and Great Plains due to technical problems and/or supplier failure or loss of key staff could lead to service failure and incomplete management information. COVID has increased the reliance on systems to provide necessary and timely information to enable effective decision making.	Contract management arrangements in place with Great Plains supplier, working closely with IT colleagues. Great Plains will be reviewed every three years in line with major upgrades. Current robust contract in place for Pecos which is a government selected supplier. Both systems are regularly backed up as part of ELC IT processes, including a daily download from the financial system. Sharing of knowledge and documentation of procedures within ELC, and clear procedural notes in place. Key system controls reviewed and tested regularly to support audit requirements. Initial phase of Finance service review has secured additional administrative support within the Finance systems team.	3	4	12	Further resource requirements to support the systems team is being considered through the Finance Service Review. Purchase 2 Pay review is currently being developed which will review our strategic approach to procuring and paying goods and services.	2	3	6	Service Manager – Corporate Accounting	March 2022 March 2022	Risk Register reviewed by Executive Director and risk score increased from 4 to 6. Risk reviewed and refreshed by Finance Managers October 2021 with current score increased from 8 to 12.

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			
F3	**Finance Staffing Issues** Loss of key finance staff, external recruitment pressures, and on-going complexity and continuing financial challenges and complexity of finances may result in the Finance service not being able to provide an appropriate level of financial support to the Council and wider services, may not have the appropriate skills, and due to the increasing obligations may not be able to meet statutory financial accounting requirements such as completion of statutory annual accounts. There has also been an increasing number of staff turnover including ill health and retirements of experienced staff members.	On-going development of skills across the team to enhance knowledge and ensure the workforce have the appropriate financial skills to meet on-going requirements. Generic Finance posts have been established to ensure Business Continuity across the team and ensure that there maintains flexibility and transfer of knowledge within the team to support service provision. Work has and will continue to be progressed to review the ongoing support which can be provided to service areas, introducing standardised procedures to financial management provision where possible and provide training and support to services to allow them to manage their budgets as effectively as possible. Support on-going training for Finance staff ensuring the team have the appropriate skills to support the Council and financial accounting requirements. Finance Service review currently in progress, designed to increase capacity and resilience across the workforce.	4	4	12	The Finance Service review is progressing, which will ensure the team has the necessary skills to meet our on-going obligations and enhanced support and resilience across the Finance team. Enhance the number of relevant qualified accountancy staff to meet statutory accounting requirements.	2	3	6	Service Manager – Service Accounting Service Manager – Corporate Accounting	March 2022 March 2022	Risk Register reviewed by Executive Director and current risk score increased from 9 to 12. Risk reviewed and refreshed by Service Manager – Service Accounting October 2021.
F4	**Client services & procurement processes** Failure of client services to comply with our procurement processes through lack of knowledge/experience and/or also business failure of key suppliers leads to service failure, poor value for money, fraud, loss of reputation and/or legal action. Loss of further functionality to contract register due to upgrades to the main platform would lead to non-compliance and disproportionately increased administrative workload as well as failure to provide efficient procurement services.	Corporate Procurement Strategy for period 2017-22 adopted and in place along with associated procedures, reviewed on an annual basis and updated as required. Purchase Card Procedures and Procurement Improvement Panel (PIP) in place. Regular reporting to PIP and CMT to ensure on-going compliance and monitoring of contracts. Procurement Skills Training carried out. Controls in place over creation of new suppliers and Supplier Finder on Intranet. Additional approval within procurement for single source applications is in place. Close working with internal audit and departments (Audited regularly). Enhanced escalation of tender sign off by Heads of Service in the event the tender price exceeding cost by more than 10%. Contracts Register is manually managed and distribution of up to date contract list is updated quarterly.	3	4	12	Exploring options to link Purchase orders and payments to contract reference number to allow traceability, transparency and benefit tracking. This will also reduce risk maverick spend. Procure and implementation of a suitable contract register. Procurement skills training to be rolled out to wider services. Purchase to Pay review due to commence across the Council which will enhance procurement processes and service compliance.	2	3	6	Service Manager - Procurement Head of Finance	October 2022 March 2022 March 2022 October 2022	Risk Register reviewed by Executive Director and residual risk score reduced from 9 to 6. Risk Refreshed November 2021 by Commercial Programme Manager

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			
		Measures are adopted to ensure appropriate budget is in place for procurement project initiated by Services through Finance budget approval of PID documents before the initiation of a project The contracting Service will report back to Procurement following the awarding of a contract to ensure further checks that the terms of the contract continue to be followed and best value is achieved.										

Original date produced (Version 1)	29th April 2021			**Risk Score**	**Overall Rating**
File Name	Finance 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**
Version	**Date**	**Author**	**Notes on Revisions**	**1-4**	**Low**
1	29/04/2021	S Kennedy	Original Version created following Executive restructure. Previous Council Resources Risk Register split to create a Finance and a Corporate service Risk Registers.		
2	30/08/21	S Kennedy	Financial, Revenues, Procurement and Internal Audit Managers reviewed and refreshed their own risks.		
3	06/10/21	S Kennedy	Register further refreshed following session with all Managers.		
4	15/11/21	S Fortune	Risk Register fully reviewed and updated by Executive Director.		

East Lothian Council Risk Matrix

APPENDIX 5

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 fulfil 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

Report	East Lothian Council Audit and Governance Committee Report
Author	**enjoy**leisure
Date	9 November 2021

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EXECUTIVE SUMMARY

This report sets out the financial and operational performance of **enjoy**leisure (**enjoy**) since March 2020, the challenges that **enjoy** has faced and continues to fight as the pandemic continues, as well as the successes that **enjoy** has achieved through this period.

The biggest challenges **enjoy** is facing on an ongoing basis include:

- Maintaining reserves whilst receiving reduced income and achieving cost savings while prices rise.
- Improving and increasing membership and occupancy throughout centres to return to pre-COVID usage and income levels.
- Keeping up with the demand for facilities, swimming lessons and gymnastics in East Lothian, especially as the population grows within the county.
- Difficulties in recruitment of staff influenced by suppressed labour markets, demands on rates of pay, lack of qualification courses running through the pandemic and subsequent lack of available candidates.

However we have made great strides through the last 2 years, including success in

- **enjoy** has been a real leader in children's sports development programs, including delivering presentations to other Leisure Trusts on the return of our hugely well subscribed swimming lesson program, launching a gymnastics membership program and our Sports Development Manager winning the Outstanding Employee Achievement Award at the 2020 Community Leisure UK Awards.
- **enjoy** is extremely proud to have avoided redundancies since the pandemic began, especially when compared to other Trusts who have been less fortunate.
- Income and usage has returned at levels consistently higher than expected in comparison to other Trusts, extending the lifespan of our reserves.
- Improved and sustained partnership with ELC, including regular meetings between **enjoy** and ELC staff have kept both parties up to date and abreast of the situation throughout the pandemic.
- A restructure of the Senior Management of **enjoy** has enabled operational and strategic transformations to be brought to the forefront of the organisation, and the SMT is excited for the journey ahead.

Bill Axon, Chief Executive
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BACKGROUND

In October 2009, Enjoy East Lothian Limited (**enjoy**leisure or **enjoy**) was established to manage, under contract, sports and leisure facilities and services on behalf of East Lothian Council (ELC). The facilities managed by **enjoy** comprise six major sites in Haddington, Tranent, Musselburgh, North Berwick, Prestonpans and Dunbar; as well as a number of sports facilities throughout East Lothian. All of the facilities are held on ELC's property portfolio with the exception of Dunbar Leisure Pool, which is wholly owned by **enjoy**.

The primary objective of **enjoy**leisure, as East Lothian's charitable health, well-being and leisure trust, is to improve lives by inspiring active living. It is our mission to enrich the physical and mental wellbeing of our communities, by putting people at the heart of everything we do:

- We provide opportunities for people of all ages to **enjoy** recreational facilities in East Lothian, with the objective of improving their conditions of life.
- We develop and create our own recreational coached activity programmes to create development pathways for both competitive and non-competitive athletes.
- We contribute to advancing the wellbeing of the inhabitants of and visitors to East Lothian through our wide ranging fitness class activity programme, Bodyworks Gyms, and Swimming Pool programmes.
- We provide local residents on low income or disability benefits the opportunity to engage in physical activity at concessionary rates.
- We provide a Macmillan Move More programme for the benefit of individuals living with and beyond cancer in East Lothian to engage in gentle exercise and movement classes, providing physical, social, emotional, and mental wellbeing support for those who need it.
- We have strong links with local schools providing access for both public and private educational facilities, so children of all ages and abilities are able to engage in sporting activities.
- We provide sports halls, dance studios, pitches, and pavilions for local sports clubs and community organisations to host their training sessions, competitions, matches, dance rehearsals, theatre productions, and community meetings.

The COVID Experience

The past 2 years have been like no other in **enjoy**'s history, with COVID shaping the business beyond anything we expected. The expectation for 2020/21 was a year of improvement – a breakeven financial performance was budgeted, with the planned implementation of efficiency savings and the development of income generation initiatives. Organisational improvements and restructures were also underway, in order to maximise business potential. However, the pandemic meant that many of these plans were delayed as we focused instead on crisis response and later on recovery.

Since March 2020, the majority of **enjoy**'s services & facilities have faced multiple closures, and when facilities were open they were restricted in both activities and capacities.

20 March 2020	All centres and facilities close under Scottish Government instruction
21 March 2020	95% of colleagues furloughed under the Job Retention Scheme
29 May 2020	Musselburgh Old Links and Winterfield Golf Course reopen
29 July 2020	Grass & synthetic pitch use for youth sports permitted
24 August 2020	3 week re-introduction training programme commenced for all colleagues returning to sports centres
14 September 2020	Sports centres reopened providing: • Public Gym Sessions • Public Swimming Sessions • Group Fitness Classes • Swimming Lessons • Racket Sports • Club Sessions • Club Athletics
28 September 2020	Gymnastics coached sessions returned
9 October 2020	Scottish Government Tier System implemented, East Lothian placed into Tier 3 requiring the suspension of adult group contact sports indoors or outdoors, and of indoor fitness classes
13 October 2020	**enjoy** launched a suite of online fitness classes via zoom
2 November 2020	School use of facilities restarted
2 November 2020	Cafes at Dunbar Leisure Pool and Aubigny Sports Centre open on a take-away trial basis
24 November 2020	East Lothian placed into Tier 2 – indoor fitness classes resumed
28 November 2020	Cafes closed due to low demand
20 December 2020	East Lothian placed into Tier 3 – indoor fitness classes suspended
24 December 2020	Sports centres closed in line with new Scottish Government lockdown restrictions, golf courses remain open
12 March 2021	Limited youth and adult outdoor non-contact sports resumed
5 April 2021	Further youth outdoor sports resumed
19 April 2021	1 week of re-introduction training commenced for all colleagues returning to sports centres
26 April 2021	East Lothian placed into Tier 3 and sports centres reopen, no indoor fitness classes run
17 May 2021	East Lothian placed into Tier 2 – indoor fitness classes resumed
19 July 2021	East Lothian placed into Tier 1 – physical distancing reduced to 1m, capacities in centres increase slightly in line with this
24 July 2021	Dunbar Leisure Pool Café re-opens
9 August 2021	Removal of all capacity and distancing restrictions in centres
30 August 2021	All sessions at centres removed, health suites recommissioned
1 October 2021	Aubigny and Musselburgh Sports Centres Cafes re-open

95% of colleagues were furloughed from 21 March 2020, with a small number of essential staff being retained for strategic crisis response, to manage mothballed facilities, and to maintain head office functions. We utilised the Job Retention Scheme (JRS) for those colleagues that were furloughed, which enabled us to meet the cost of our staff and protect the long term viability of jobs. The scheme has been invaluable to **enjoy**. These 285 furloughed colleagues were regularly updated via our employee communication tool, Planday, with guidance, updates, and the sharing of links, videos, and newsletters from our Employee Assistance Programme provider. **enjoy** arranged regular Skype calls with the Senior Management Team, Service Managers, and colleagues, giving the opportunity for updates and Q&A sessions.

A large amount of work and preparation was put into ensuring the sports centres were ready to open safely on 14 September 2020. PPE was ordered for staff, including two fabric face masks per employee; floors were marked with one way systems, signs, and boxes for socially distanced exercise; gyms were spaced out with some equipment being stored; and changing rooms were partially closed off. Full transparent screens were installed at reception desks, and in the head office space between desks. Centres were all deep cleaned and PPE was provided for customers including hand sanitising stations and wipes for gym equipment. Videos and information on new safety features were sent out to all customers to demonstrate the changes made within the facilities and to show customers how to safely use **enjoy's** facilities upon reopening.

Capacities at all centres were reduced to circa 60% of the maximum to ensure social distancing was maintained, with the capacity in pools further reduced to 30% as every other changing room was kept closed for social distancing and cleaning requirements. Swimming lessons ran at the same capacity as pre-COVID; however the duration of the session was reduced by 5 minutes, lessons were taught from poolside rather than in the water, and start times were staggered to reduce congestion in the changing rooms.

Bookable sessions were introduced for gyms and pools, in order to comply with track and trace requirements, to control capacities, and to ensure that activities were spaced regularly during the day to allow for adequate cleaning and disinfecting between sessions. **enjoy** responded and adapted to customer feedback to the sessions, for example extending Performance Gym sessions at Meadowmill Sports Centre to 90 minutes or introducing 8 – 11 year old pool sessions to create more spaces for children to swim.

The introduction of the COVID Tier system in Scotland in October 2020 and East Lothian subsequently being placed into Tier 3 meant the suspension of in person fitness classes. Committed to continuing to deliver services to our customers, **enjoy** introduced an online fitness class programme delivered via meeting platform Zoom. Initially these classes were delivered via a virtual fitness studio at the Loch Centre in Tranent and then further expanded to a second studio in Dunbar. During the closure of centres from January to April 2021, our fitness coaches went above and beyond and offered to virtually open up their homes to deliver Zoom classes from home. These proved to be incredibly popular with customers, and encouraged many to retain their memberships so they could remain active at home. **enjoy** have created a dedicated Zoom timetable going forward, knowing that there may be customers who will be resistant to returning to Sports Centres for some time. The Zoom classes offer an opportunity for these customers to keep active and engage in physical activity from the comfort of their own home.

A 3 week program of return to work training was undertaken with colleagues in September 2020 including presentations on the changes made to facilities and activities to reopen safely, COVID procedures, reception re-familiarisation, and swimming and gymnastics lessons. NPLQ training was undertaken with all Leisure Assistants to ensure competency. A further week of re-induction training with all staff was undertaken prior to the return in April 2021.

During months when the sports centres were closed, customer's monthly directs debits were reduced automatically to £1 to cover administration fees. Customers were able to opt in to pay a higher donation amount, which was gratefully received from an average of 4% of our membership base. This essentially doubled our membership income each month during closure. We offered a discounted month's membership in December 2020 to recognise that our offering of services and activities was reduced.

Memberships fell during the year by 28% from March 2020 to October 2020, when Sports Centres first reopened, and 36% from March 2020 to March 2021. This was not unexpected and there were three significant dip points: the month after **enjoy** facilities closed in April 2020; the month the direct debits restarted in October 2020; and January 2021 when we went into a second lockdown.

Visitor Statistics

In 2019/20, total customer visits, including club usage of pitches and school usage of facilities, were over 1.2 million. This number was drastically reduced in 2020/21, with the majority of facilities only open for 3.5 months of the year.

However, there were still impressive visitor numbers at some facilities in the year, with golf in particular performing so well since reopening in May 2020 that visitor numbers were higher than the prior year. Customer numbers in sports centres during the quarter October to December 2020 (excluding school and club use) were only 50% lower than the same quarter in 2019/20, despite the hugely reduced capacity in buildings. This performance speaks highly to our loyal customer base and the incredible preparations undertaken by colleagues made in making the buildings feel safe for customers' return.

	2019/20	2020/21	Variance
Total Visitor Numbers	1,200,000	173,000	-86%
Sports Centres Customers	702,342	80,849	-88%
Golf Courses	51,316	60,794	+19%

Finance

The financial results for 20/21 clearly show the impact of COVID on **enjoy**. The audit was completed in August 2021, and unqualified accounts have been produced and submitted. The statutory accounts show a net negative movement in funds for the group for the year ended 31 March 2021 of £1,585,368. This is comprised of:

- a core operating deficit of £447,091
- a fixed asset revaluation gain on Dunbar Leisure Pool of £1,172,723
- an adjustment for the defined benefit pension scheme being an actuarial loss of £2,311,000

The core operating loss of £447k (2020: £262k) includes a loss of £18k for the trading subsidiary and £429k for the charity. The operational deficit of £447k includes £396k loss of income funding from ELC and £1.78m income from the Job Retention Scheme. Our forecasting during the pandemic predicted a deficit of between £1.2m and £900k as we moved through various lockdowns and reopening scenarios. A deficit of £447k, given that we were closed for well over two thirds of the year, represents an impressive result for **enjoy** and we are extremely grateful for the support of our partners at ELC and the work put in by all staff to achieve cost savings and maximise income.

Total group income in 20/21 was £5.1m (down from £6.4m in 19/20). **enjoy** therefore incurred a loss of income in 20/21 of £1.3m due to COVID (the loss of 'normal' income is £3.5m, excluding receipts from the JRS and loss of income funding).

Total group operating expenditure in 20/21 was £5.5m (down from £6.7m in 19/20). **enjoy** made cost savings of £1.2m during the year compared to 19/20 in order to provide protection from the loss of income, mainly in reduced utility and direct costs.

enjoy had a healthy reserves position at the start of the pandemic, with a cash balance of £1m at 1 April 2020. This enabled us to weather the challenge of closures, restricted centre capacities, reductions in our membership base, and the ongoing challenge of recovery. However, we made a loss of £30k each month that we were closed, and £100k each month that we were open with near full costs but reduced income generation opportunities. The cash position at the end of 20/21 was £1.1m which represents an increase of £112k on the 2020 position; this reflects the receipt of the first tranche of 20/21 loss of income funding received at the end of the financial year.

In March and April 2021, we received two tranches of monetary support from the Government's 2020/21 Loss of Income Scheme, via our partners at East Lothian Council. We received a total of £396k related to 2020/21 loss of income. We have met regularly with partners at ELC throughout the crisis, and are grateful for the strong relationship and the financial assistance received which has supported us in continuing as a going concern.

Looking to the Future

enjoy's facilities reopened for the second time on 26 April 2021 with various restrictions in place until 31 August 2021, when centres fully opened for the first time in 18 months. Recovery has been a slow process as we safely reopened facilities and restarted activities in line with Government and Sporting Governing Body guidance. The recovery of our membership and income base will be a slower process as **enjoy**, along with all other Leisure Trusts, works to retain and grow membership.

Despite the challenges of the pandemic for **enjoy**, we have used the periods of closure to make valuable strides for the business and had several successes over the last year.

Operations

The reopening in April 2021 went smoothly, and the operations team have coped brilliantly with moving through the various levels of restrictions until the 31st August 2021 when **enjoy** reopened all facilities fully. This was a huge piece of work with the creation of new programs and staff rotas, fully restarting the training of swimming coaches and lifeguarding qualifications, and continuing to manage facilities at varying stages of mothballing. Coupled with the staff recruitment and sickness issues we are facing (detailed in the next section), it has been a challenging period for the business and for the Operations team in particular.

Some COVID related measures will remain in place: we will continue to use cleaning fogger machines at regular intervals in centres, customers and clubs will set up some of their own equipment, screens will remain at reception and café areas, and swim lesson formats will be retained to maximise capacity and safety. There are still some areas that are not yet fully open: the climbing wall in Tranent, one pavilion remains mothballed (Aberlady Pavilion) and while 3 of 5 cafes have reopened, they are running with limited hours.

Sports Development programs have been hugely successful, with the launch of **enjoy** gymnastics in late 2020 (then delayed to May 2021 after the lockdown) and the continued success of the swimming program. The swimming program remains incredibly popular with waiting list times and occupancy levels high.

Success Stories

- Karen Ferguson, our Sports Development Manager, was awarded the Outstanding Employee Achievement Award at the 2020 Community Leisure UK Awards. Karen was nominated by **enjoy** for her commitment, dedication, and professionalism in developing our award winning Learn to Swim programme, 'Get in the Swim', which has had a hugely positive impact on the communities of East Lothian.
- **enjoy** has been a real leader in the return of swimming post pandemic. We were one of the first trusts to bring back the Learn to Swim programme following the COVID closures, with an impressive return rate of 89%. The Sport Development Manager delivered a presentation at the Scottish Swimming National Framework virtual networking day, which provided an overview of our planning and resumption of the programme. This was well received, as many trusts still had to initiate the return of their swimming programme. Head of Operations, Ian Sills, also sat on the Scottish Swimming national working group developing protocols to return swimmers back to pools.
- **enjoy** continues to play a vital role in the Government's programme of COVID-19 testing, with mobile testing units located in our car parks at Dunbar Leisure Pool and Loch Centre. **enjoy** receives a daily rental for this use.
- **enjoy** successfully hosted voting stations for the Scottish Parliament elections at Aubigny Sports Centre, Loch Centre and North Berwick Sport Centre, and the counting hub at Meadowmill SC.
- A hugely successful opening of seasonal facilities at the East and West Putting Greens in North Berwick and the Bowling Green at Fisherrow, including the introduction of accessible golf at East Links and solar powered payment methods at the Links.
- Launch of the Gymnastics membership scheme, with over 700 members.
- Launch of Home Portal online system for customers to see the progress of their children in swimming and gymnastics lessons.

Ongoing Challenges

- The risk of the vaccination passport scheme being required for Leisure and Sports Facilities as this will be a huge operational challenge.
- Improving and increasing occupancy throughout centres to return to pre-COVID usage levels.
- Improving the customer experience through critical analysis of service delivery, including managing customer expectations post-COVID.
- Ensuring a consistent approach to operational delivery including such things as bookings management and Management and Supervisory responsibilities.
- Consideration of the expansion of provision of sports and leisure facilities in East Lothian in partnership with the Council.
- Reducing our carbon footprint in order to meet partner and customer expectations and to save costs.
- Keeping up with the demand for swimming lessons and gymnastics in East Lothian, especially as the population grows within the county.
- Recruitment and selection of Tennis/Badminton Development Officer.

- Developing recreational programmes for Athletics and Tennis/Badminton.

Staff

Through 2021 colleagues have moved from full furlough during periods of closure to flexible furlough during periods of restricted activity. All colleagues have now been fully unfurloughed following the closure of the JRS scheme on 30 September 2021. The scheme has been a lifeline for **enjoy**, enabling us to retain our staff complement through the periods of closure and retain jobs for the foreseeable future. Overall since the inception of the scheme in March 2020, **enjoy** has claimed £2,053,917 all of which has been paid onto staff. The cost to **enjoy** of furloughing staff has been considerably higher than claimed, with pension contributions claims capped at 3% then excluded from claims but still paid for **enjoy** staff, as well as during the later months of the scheme when the claim percentage was lowered to 60% but staff were paid 80%.

We have experienced staff turnover as furlough ended which has left **enjoy** with a number of vacant positions and we are currently experiencing the same recruitment issues as most other companies in the country, which has only exacerbated the problem. COVID related absence including self-isolation rules coupled with a tight staff complement has meant extraordinary difficulties keeping facilities open over the last few months, however we have managed to progress with very few closures thanks to the efforts of our staff.

We will also be impacted by the increases in the National Living Wage and National Insurance next year, with an anticipated increase of at least £100k in staff costs.

However we continue to invest in staff, with the introduction of performance reviews, funded and flexible options for lifeguarding qualifications, staff newsletters, and long service awards. Training for colleagues continues to be undertaken at all levels, including leadership training for managers across the organisation.

Success Stories

- **enjoy** is extremely proud to have avoided redundancies since the pandemic began, especially when compared to other Trusts who have been less fortunate.
- Introducing funded National Pool Lifeguard Qualification (NPLQ) places for young people in East Lothian where they come from disadvantaged households.
- Introduction of a performance review system for all colleagues that provides an opportunity for line managers to feedback on performance, identify future development opportunities and support in succession planning.
- Capitalising on the Government launched Kickstart scheme and identifying 7 apprentice placements throughout **enjoy** for young people who will benefit from employability skills experience.
- Improvements in all question areas of the colleague engagement survey conducted in December 20/January 21.

Ongoing Challenges

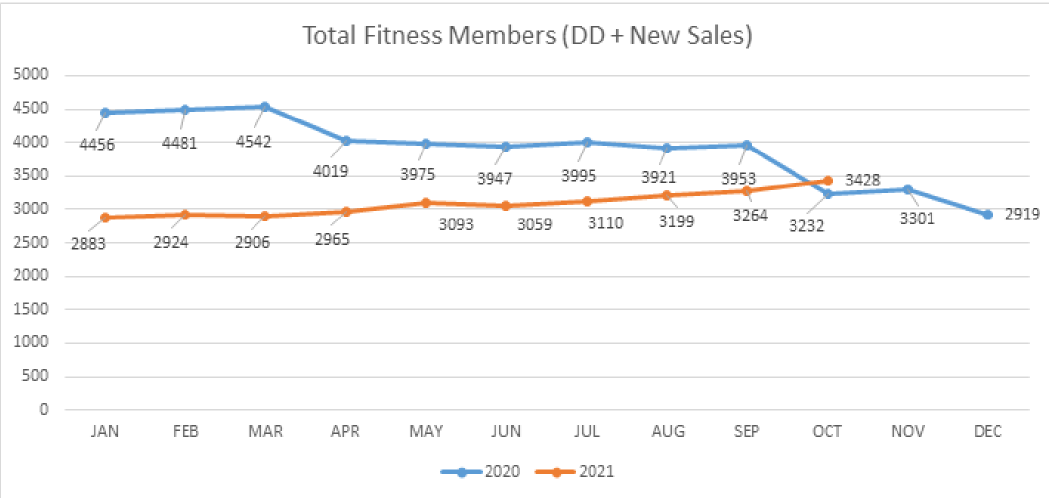
- Recruitment of staff continues to be a challenge influenced by suppressed labour markets, demands on rates of pay, lack of qualification courses running through the pandemic and subsequent lack of available candidates.

* Understanding the impact and mitigating the impact of the increases in national living wage and the degradation of the differentials between pay grades for different job roles.
* Current Government COVID rules on self-isolation requirements.

Memberships & Customer Return

Community Leisure UK (CLUK), the body for leisure trusts in the UK, recently found the return rate of customers to leisure across the UK varies from 60% to 80% of pre-COVID levels. **enjoy's** membership levels are currently at 75%, putting us near the top of the range, a great success story proving the loyalty of our customers. At our lowest point in January 2021 we had lost 37% of our membership base. CLUK has also found that income levels across Trusts are starting to plateau rather than continue to recover to pre-COVID levels, and Trusts across the country have struggled with retention of members. We are currently experiencing this, although we have seen an influx of new sales in the last quarter to cover the cancellation of existing members. We anticipate as we move into winter that the remaining 25% of recovery of our membership base will slowly but steadily return.

Memberships are a major focus for **enjoy** moving forward, but also a major risk. 1% of our pre-COVID fitness membership income equates to £16k per annum, so every member we do not retain or recover is a cost to **enjoy**.



Customer return levels elsewhere have been partially driven by restrictions in centres, with income from our non-member activities doubling in September 2021 once restrictions had been lifted. We anticipate that this income will also recover in line with membership, a slow but steady process. We do not anticipate returning to 100% of our pre-COVID income levels before 2024.

Success Stories

* Compared to other Leisure Trusts in the UK, we have retained or recovered a high amount of our membership base. We were ahead of the average retention in the midst of the first lockdown, and continue to be grateful for our loyal customer base.
* A considerable effort was made through lockdown to connect with our members via direct email to keep customers engaged and retain memberships, an effort we are pleased to have seen pay dividends.

- Membership campaigns and Business Development activities since we reopened in 2021 have been successful in rebuilding our membership base but also in increasing our brand awareness and relationships with organisations throughout the Lothians.
- A brand new website was launched in April 2021 in line with the reopening of the Sports Centres, with a modern and user-friendly format that is mobile device responsive.
- Swimming and Gymnastics membership has grown steadily and shown impressive retention and return rates.

Ongoing Challenges

- Increased competition from private gyms in Edinburgh and East Lothian, especially those with cheaper prices and newer facilities
- Ensuring that prices and charges are increased enough to cover rising costs and wages without aggravating existing customers and still being able to attract new customers.
- Recovering the full usage and membership base and increasing beyond the previous income figures, based on actual demographic information.
- Increasing usage of at home fitness due to changes in customer behaviours through the pandemic and the gradual return to work reducing local usage.

Finance

The next few years will be difficult and we anticipate deficit results. We expect that the loss of income in 2021/22 will be circa £900k due to closures in the first quarter, restricted numbers throughout the year, and a gradual customer return to Sports and Leisure facilities. There has been no reduction in the management fee from East Lothian Council in 2021/22, which **enjoy** greatly appreciates as a support in our recovery from COVID.

Our latest budget, approved by **enjoy's** Board in August 2021, forecasts a deficit of £807k for 21/22 and £309k for 22/23. We anticipate receiving circa £5.5m in income in 21/22, and spending £6.3m on costs.

This level of deficit reduces our cash balances to circa £300k by March 2022 and £140k by March 2023. **enjoy's** reserves policy is to hold a minimum of 3 months payroll costs – currently £1m – with an absolute minimum of 1 month of payroll costs of circa £330k. The deficits anticipated over the next 2 years bring us well below this line.

While we are taking steps to mitigate this, through diversifying our income streams, increasing business development activities, and investigating and implementing opportunities to cut costs, this will not recover the £1.2m of income we anticipate to lose this financial year and makes it clear that recovery will be a long term process for **enjoy**.

We have currently received no government support other than the loss of income monies received though East Lothian Council and furlough wage recuperation through the JRS. ELC provided a letter of comfort as part of the audit process for both 19/20 and 20/21 providing assurance that should it be required **enjoy's** everyday cash liabilities will be met for the 12 months to August 2022.

Success Stories

- Thanks to strong cash management prior to the pandemic, a healthy reserves position has enabled **enjoy** to weather much of the period of closure.

- Income has returned at levels consistently higher than expected in comparison to other trusts, extending the lifespan of our reserves.
- Improved and sustained partnership with ELC, including regular meetings between **enjoy** and ELC finance staff have kept both parties up to date and abreast of the situation throughout the pandemic.
- Systems across the company have been upgraded to stabilise increased usage of the online platforms and these upgrades continue into 2022 to secure cost savings.

Ongoing Challenges

- Price increases have been received for several products including pool chemicals and CO2, paper products IT software. We have investigated alternative products where possible and are reviewing procurement of these items.
- Achieving budgeted levels of income and cost savings, in order to reduce deficits and preserve cash reserves.

The Organisation

Following a turnaround strategy review, it was proposed to reduce and restructure the Senior Management Team to form a more effective and diverse team. The new structure involved reducing the number of Senior Managers from 5 to 4, with the removal of 3 Senior Contract Officer posts and the subsequent creation of 1 Head of Operations and Transformation post and 1 Head of Business Development post to report into the Chief Executive alongside the Financial Controller and HR Business Manager. This restructure was implemented by January 2021 and is paying dividends for the organisation.

The Head of Operations and Transformation role is enabling a consistent approach to Operations to be cascaded down throughout the business and the opportunity to take a strategic approach to the transformation of services.

The Head of Business Development role has been crucial in adding a new dimension to **enjoy** in exploring fresh business and funding opportunities, with over £100k of funding from grants already received in 2021 and several exciting income diversification opportunities underway including personal trainers and corporate memberships and relationship building.

We strongly believe that this restructure has been an exciting opportunity for **enjoy** to progress and nurture the business, especially in a time of recovery. The restructure will result in a future saving for **enjoy** of £50k per annum before including any income, efficiencies, or opportunities generated by the expertise of the new posts and the cohesion of the leadership team.

We have also seen a highly efficient and engaged Board of Directors emerge over the last couple of years, from the Emergency Board that met regularly through the initial closure to the excellent attendance we saw once full Board meetings resumed. The enthusiasm and stewardship has been and will continue to be invaluable as we moved through the COVID crisis and on into recovery.

Partnership with ELC has only improved through the pandemic with regular, open dialogue being maintained from both partners and a shared commitment to returning the communities of East Lothian to sport and wellbeing. We would like to thank ELC for their support through this period, and while recovery will be a long and challenging road, we will continue to work together to ensure that East Lothian can continue to **enjoy** leading active, healthy lifestyles.

East Lothian Council

REPORT TO:	Audit and Governance Committee
MEETING DATE:	30 November 2021
BY:	Richard Baty, Companies Manager, East Lothian Land Ltd
SUBJECT:	East Lothian Land Ltd 2020/21

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1 PURPOSE

1.1 To inform the Audit and Governance Committee of the work undertaken by East Lothian Land Ltd in 2020/21

2 RECOMMENDATIONS

2.1 That the Audit and Governance Committee note the contents of the report.

3 BACKGROUND

3.1 East Lothian Council established East Lothian Land Ltd (ELL) in 2000, a company limited by guarantee (SC208723), through the transfer of undeveloped employment land in council ownership at Macmerry (Opposite the industrial estate) in return for 100% equity in the company.

3.2 The transferred employment land at that time was viewed by the private sector as undevelopable providing insufficient return on investment.

3.3 No additional financial support was provided to the company by East Lothian Council (ELC). ELL went to the financial market to fund the development costs of the Macmerry Business Park as well as self funding through selling plots as they were serviced.

3.4 In 2016/17 the company developed the empty council building located at Brewery Park, Haddington into 10 individual offices spaces – since opening in October 2016 it has run at between 85% and 100% occupancy.

3.5 The company has a board of 4 directors comprising of two elected members, a private industry sector representative and a senior council officer. (Note – Following the retirement of Alex McCrorie, Depute Chief Executive, the senior council officer directorship became vacant from 19th March 2021)

3.6 The former Economic Development & Strategic Investments (EDSI) Business Development manager, is the Company Secretary and manager of the company. The manager is supported by the EDSI Business Development assistant.

3.7 The board act on a "*Pro Bono"* basis and do not receive payment. The Company manager and Business Development assistant undertake the work under ELC job remits.

3.8 Board meetings are held on a regular basis linked to ongoing business requirements and commercial developments. Decisions made are taken by a majority with the Chair having the casting vote on any tied outcome. Minutes of any board meetings are taken and approved at subsequent board meeting by the chair.

Financial

3.9 ELL is audited annually by Azets, Edinburgh. End of Year accounts are approved by the board and signed off accordingly and provided to ELC for group accounting purposes. (See appendix 1 End of year accounts).

3.10 ELL accountants' opinion is that the financial statements for the company give a true and fair view of the state of the company affairs as at 31st March 2021 and of its loss before taxation of £6,819 for the year then ended.

3.11 The accountants raised with the board for the financial year 2019/20 the low level of turnover and reclaiming VAT during the period. Following the advice from the auditors the company de-registered for VAT on 30th August 2020. ELL use the online cloud accounting platform – Xero. The company banks with Handelsbanken.

2020/21 Projects Considered

3.12 The directors at each board meeting are provided an update on all available land and commercial property for sale / to let. Updates are circulated monthly between board meetings. (See appendix 2 – property list extract)

3.13 The directors discuss each site and whether to progress with offers for purchase and development.

Retail / high streets in county

3.14 ELL considered the level of retail / other vacancies on town high streets with the option of intervening and buying / renting vacant properties.

3.15 ELL intend to base the option on the Town Catalyst pilot delivered in Dunbar by Economic Development, Business Gateway and Dunbar Trades association in 2018. (See appendix 3 – TC initiative)

3.16 A number of vacant properties were considered but then sold / let indicating no requirement to proceed as no market failure. (Post period note - This vacancy review is ongoing.)

Former Crookston School site, Salters Road

3.17 ELL made an approach / offer to purchase the site in April 2020 to Shepherd Commercial. .41 hectares of potential commercial development although located in the East Lothian green belt under DC1, DC2 and DC7 policies. The approach was rejected and the site subsequently sold.

Macmerry Business Park

3.18 ELL owns a strip of land at Macmerry Business Park which has a zero value on balance sheet. The site was considered as an option to develop / sell but following discussions with architect it was deemed too difficult to develop. The site may offer access for any future development to the adjacent field

Commercial Unit Spott Road industrial Estate, Dunbar

3.19 A commercial unit at Spott Road Dunbar, constructed in 2004, came on the market for sale in August 2020 – 917sqft for offers over £65,000. ELL enquired however the unit had an extremely high level of interest and was sold within a fortnight of coming onto the market.

Village Halls

3.20 ELL was asked to consider the conversion of 2 village halls into commercial outlets. Initial discussion undertaken with ELL architect but did not progress as ELC required to do further community consultation.

Di Rollo's commercial unit, Musselburgh - Joint Venture (JV)

3.21 Di Rollo's manufacturing unit of 5,105 sqft in Musselburgh came onto the market late 2020 due to the planned retirement of the company owners at offers over £475,000.

3.22 ELL Ltd was approached to enter into a possible joint venture with a food producer wishing to relocate to East Lothian due in part to the support given to food and drink sector within the county via the EL Food & Drink BID.

3.23 Joint site visit took place and discussion on best model with the company ensued but Di Rollo owners accepted an offer before any approach could be made via the JV. (Post period note – ELL still engaged with the food company and re-location to the county.)

ELC Estate Review

3.24 ELL had a brief discussion with ELC and level of council buildings required in light of home / hybrid working with the option of further commercial developments along the lines of Brewery Park Block B. No development occurred during the period but option logged with ELC.

Various

3.25 A number of other sites and buildings were raised and discussed by the board of ELL but did not come to fruition.

2020/21 Project Commenced

Tyne Close, Haddington

3.26 Tyne Close is a small industrial estate owned by ELC. In January 2019 the units at Tyne Close were deemed as unfit / unsafe for occupancy and the units became vacant. It was agreed in March 2019 by the board of ELL to enter discussions with ELC to take on a long term ground lease demolish the existing unsafe buildings and then develop the site for commercial use. The length of lease and rental level verbally agreed with ELC estates manager prior to submission of planning application.

3.27 A local architect was awarded the contract to develop site layout and submit planning application. Construction tender was developed by ELL and quotes for the project were received October 2019 to ascertain viability and financial model. The Board following review of quotes and financial model agreed to appoint a company to undertake the demolition and new build predicated on planning permission being approved.

3.28 Planning approval was granted on 31st March 2020 – number 20/00352/P. (See appendix 4 - site plan.) The site will accommodate 7 commercial units of 6 @ 45m2 and 1 @ 130 m2.

3.29 The buildings / site will be environmentally friendly, where appropriate, with the inclusion of air source heat pumps, heat battery storage units and the use of reclaimed plastic instead of tar for the car parking area. Other energy / CO2 reduction will also be considered prior to commencement of build.

3.30 Following planning permission awarded in April 2020 ELL lawyers entered into formal negotiations with ELC on the ground lease. During the period 2020/21 the lease was not agreed / signed. Four informal notes of interest have been received to rent the units.

Future Projects

3.31 The company actively scans the market for possible developments and has an ongoing engagement with a number of possible joint ventures.

4 POLICY IMPLICATIONS

4.1 The two strategic goals of the refreshed East Lothian Council Economic Development Strategy 2012 to 22 are :-

- To increase the number of businesses in East Lothian with growth potential
- To increase the proportion of East Lothian residents working in and contributing to East Lothian's economy.

4.2 The work East Lothian Land ltd undertakes mirrors and supports the strategic goals set out in the Economic Development Strategy with the company objectives as follows: "*To promote, support and/or effect the development of land and property within the area served by East Lothian Council, with a view to stimulate economic development and regeneration and so to assist in the creation of employment opportunities.*"

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 - None

6.2 Personnel - Companies manager, EDSI's Business Development assistant and senior ELC officer.

6.3 Other – none.

7 BACKGROUND PAPERS

7.1 Audit and Governance report 2019/20

AUTHOR'S NAME	Richard Baty
DESIGNATION	Companies manager
CONTACT INFO	Tel 07854 191597 rbaty@eastlothian.gov.uk
DATE	

Company Registration No. SC208723 (Scotland)

EAST LOTHIAN LAND LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

EAST LOTHIAN LAND LIMITED

COMPANY INFORMATION

Directors	E Murray W Innes J McMillan
Secretary	Richard Baty
Company number	SC208723
Registered office	John Muir House Room 2.19 Brewery Park Haddington East Lothian United Kingdom EH41 3HA
Auditor	Azets Audit Services Exchange Place 3 Semple Street Edinburgh United Kingdom EH3 8BL
Business address	John Muir House Room 2.19 Brewery Park Haddington East Lothian United Kingdom EH41 3HA
Bankers	Handelsbanken 18 Charlotte Square Edinburgh United Kingdom EH2 4DF
Solicitors	Addleshaw Goddard Exchange Tower 19 Canning Street Edinburgh United Kingdom EH3 8EH

EAST LOTHIAN LAND LIMITED

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EAST LOTHIAN LAND LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present their report and financial statements for the year ended 31 March 2021.

Principal activities
The principal activity of the company continued to be that of trading in land for development.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

E Murray	
W Innes	
J McMillan	
A McCrorie	(Resigned 19 March 2021)

Statement of directors' responsibilities
The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

[redacted]

J McMillan
Director
1 September 2021

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF EAST LOTHIAN LAND LIMITED

Opinion
We have audited the financial statements of East Lothian Land Limited (the 'company') for the year ended 31 March 2021 which comprise the statement of income and retained earnings, the balance sheet, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

However, not all future events or conditions can be predicted. For example, it is not possible to reliably estimate the length or severity of the COVID-19 pandemic and it is therefore difficult to evaluate all of the potential implications on the company's business, customers, suppliers and the wider economy. As such, the above statement is not a guarantee as to the company's ability to continue as a going concern.

Other information
The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.
- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF EAST LOTHIAN LAND LIMITED

Use of our report

This report is made solely to the company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member for our audit work, for this report, or for the opinions we have formed.

[redacted]

Paul Hutchison BSc ACA (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

1 September 2021

Chartered Accountants
Statutory Auditor

Exchange Place 3
Semple Street
Edinburgh
United Kingdom
EH3 8BL

EAST LOTHIAN LAND LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
	£	£
Administrative expenses	(7,798)	(12,691)
Other operating income	-	2
Operating loss	(7,798)	(12,689)
Interest receivable and similar income	979	1,791
Loss before taxation	(6,819)	(10,898)
Tax on loss	-	-
Loss for the financial year	(6,819)	(10,898)
Retained earnings brought forward	(215,885)	(204,987)
Retained earnings carried forward	(222,704)	(215,885)

EAST LOTHIAN LAND LIMITED

BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Current assets					
Debtors	3	79,226		89,934	
Cash at bank and in hand		500,670		496,781	
		579,896		586,715	
Creditors: amounts falling due within one year	4	(2,600)		(2,600)	
Net current assets			577,296		584,115
Capital and reserves					
Called up share capital	5		800,000		800,000
Profit and loss reserves			(222,704)		(215,885)
Total equity			577,296		584,115

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 1 September 2021 and are signed on its behalf by:

[redacted]

J McMillan
Director

Company Registration No. SC208723

EAST LOTHIAN LAND LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

		2021		2020	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	7		2,899		5,813
Investing activities					
Interest received		990		1,802	
Net cash generated from investing activities			990		1,802
Net cash used in financing activities			-		-
Net increase in cash and cash equivalents			3,889		7,615
Cash and cash equivalents at beginning of year			496,781		489,166
Cash and cash equivalents at end of year			500,670		496,781

1 Accounting policies

Company information

East Lothian Land Limited is a private company limited by shares incorporated in Scotland. The registered office is John Muir House Room 2.19, Brewery Park, Haddington, East Lothian, United Kingdom, EH41 3HA.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

In light of recent events surrounding the COVID-19 pandemic, in common with most companies in the UK, it is difficult to predict what impact this may have on the economy as a whole, or the company's trade in particular. The directors have considered the impact of COVID-19 directly on the company. They recognise that its main debtor balance may take slightly longer to repay but do consider that this will have minimal impact on the company's ability to trade. The directors are of the opinion, that despite reporting a small loss for the year, its significant cash reserves and minimal liabilities and outgoings, mean that the company is in a strong position to face the ongoing pandemic.

The directors believe that the current strong financial position of the company, particularly given its strong cash position, will ensure the company will continue in operational existence for the foreseeable future and they therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.4 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

1 Accounting policies **(Continued)**

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.5 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.6 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

1 Accounting policies (Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Total	4	4

3 Debtors

	2021 £	2020 £
Amounts due from parent entity	78,883	89,687
Other debtors	343	247
	79,226	89,934

Debtors include an amount of £50,154 (2020 - £61,112) which is due after more than one year.

4 Creditors: amounts falling due within one year

	2021	2020
	£	£
Other creditors	2,600	2,600

5 Called up share capital

	2021	2020	2021	2020
Ordinary share capital	**Number**	**Number**	**£**	**£**
Issued and fully paid				
Ordinary £1 shares of £1 each	800,000	800,000	800,000	800,000

6 Parent entity

The company is controlled by East Lothian Council whose principal place of business is John Muir House, Brewery Park, Haddington, EH41 3HA. East Lothian Council is the smallest group of undertakings for which group accounts are prepared and of which the company is a member.

7 Cash generated from operations

	2021	2020
	£	£
Loss for the year after tax	(6,819)	(10,898)
Adjustments for:		
Investment income	(979)	(1,791)
Movements in working capital:		
Decrease in debtors	10,697	18,497
(Decrease)/increase in creditors	-	5
Cash generated from operations	2,899	5,813

8 Analysis of changes in net funds

	1 April 2020	Cash flows	31 March 2021
	£	£	£
Cash at bank and in hand	496,781	3,889	500,670

EAST LOTHIAN LAND LIMITED

MANAGEMENT INFORMATION

FOR THE YEAR ENDED 31 MARCH 2021

EAST LOTHIAN LAND LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2021

		2021		2020
	£	£	£	£
Administrative expenses		(7,798)		(12,691)
Other operating income				
Sundry income		-		2
Operating loss		(7,798)		(12,689)
Investment revenues				
Bank interest received	979		1,791	
		979		1,791
Loss before taxation		(6,819)		(10,898)

EAST LOTHIAN LAND LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
	£	£
Administrative expenses		
Legal and professional fees	3,660	8,966
Audit fees	2,440	2,489
Accountancy	1,562	1,072
Bank charges	136	164
	7,798	12,691

Appendix 2

	PROPERTY FOR SALE / LET - DUNBAR	3	SECTOR	DATE CAME TO MARKET	DATE UPDATED 01/11/2021
1	**SALE** Creel Restaurant Superb Harbour Restaurant, Dunbar Location: Dunbar, East Lothian, Scotland F/H Price: £218,000 NO BROCHURE - Daltons		TOURISM		x
1	**SALE** UMBERTOS ITALIAN For sale reduced to £500k from £539,950 Bruce and Co https://www.zoopla.co.uk/for-sale/commercial/details/55941091?search_identifier=0a1b94ff74c5c6c2ecc6b0b177e4a8d5		TOURISM		x
1	**UNDER OFFER** 59 High Street former TSB EH42 1 683 SQFT £97,500 ALSO TO LET £12,500 https://www.novaloca.com/retail-premises/for-sale/dunbar/194210?search=true		OFFICE		x

Appendix 3

Town Catalyst - Retail Incubator

Business Proposal

2017

Executive Summary

The Town Catalyst – Retail Incubator is a project aimed at bringing new retail and retail service business to the town centre. These businesses are vital to ensure the viability of any high street, because they attract people to the town centre who then utilise the service sector and hospitality sector which exists there.

A vibrant high street is important in many ways including:

- Reduced crime and anti-social behaviour

- Improved accessibility for the most vulnerable in society

- Improved job market for locals, leading to improvements in community cohesion, health, wellbeing and education

The retail incubator will provide a 6-month opportunity for a new or existing (but non-bricks-and-mortar) business to try their hand at opening a shop, without the usual attached risks. The risks mitigated by this approach are:

- Long lease terms

- Lack of start-up capital

- Lack of knowledge about running a bricks-and-mortar business

- Lack of marketing and customer base in geographical area.

These risks will be minimised by subsidising running costs for the business, and providing educational support and promotional marketing.

At the end of the six months, the business will assess its viability and, if positive, will take a vacant unit in the town centre. The Town Catalyst – Retail Incubator will then assist a new business, generating a natural chain of fresh, exciting, attraction businesses for the town centre. This will arrest the long spells of downturn faced by many towns and help to stimulate growth.

Need

East Lothian has a growing population. Estimated at 101,360 in 2013, it is forecast to grow at one of the fastest rates of all 32 local authorities in Scotland, according to East Lothian council. The number of households is projected to grow by 26.5% between 2012 and 2037 compared to a growth of 16.6% in Scotland.

As the world economy has shown turbulence, it is important that we not only improve local services but also re-localise services that may have been lost to town centres.

Social mobility and community cohesion are two areas which have suffered from these demographic changes. Many towns in East Lothian are used as dormitory towns for Edinburgh and as such their town centres have receded and become predominantly tourist centres.

With large retail parks in the neighbouring county, it is difficult to attract people to town centres. Sadly, anti-social behaviour, change from retail to services, and proliferation of betting and charity shops has become the trend.

Once the shops begin to disappear, it creates a domino effect. The service sector, especially food and drink, then struggles due to the downturn in foot flow, this can lead to a downward spiral that leads to empty units, often left vacant for years.

East Lothian has the lowest number of businesses per head of population of any county in Scotland. The barriers to entry are simply too daunting for many people. With the right support, we think the true entrepreneurial spirit of local communities will show through and we can redress this imbalance.

Economic Benefits

We hope that, by creating a steady flow of viable businesses in East Lothian, we can reverse town centre decline and spark a positive trend of growth that may encourage more visitors and businesses into town centres.

Filling vacant units benefits the entire high street, attracting more shoppers, and adding value to every visit. Locals and visitors from out of town alike are more likely to stop, engage, and spend when there's a variety of different businesses to choose from. A positive experience will result in return visits and word-of-mouth recommendations that will encourage others to visit.

The average day visitor spends £29.61 per person and the average staying visitor spends £57.67 per person, per day, according to the 2015 East Lothian Visitor Survey. Day visitors comprise around two-thirds of total visitors.

If the new business attracts just 3 new day visitors per week that would bring an extra £621.81 into the local economy.

Money spent on the high street with local businesses, is more likely to stay local. The people who own and run these local businesses, also live and spend locally, so the entire local economy benefits. This isn't always true with larger retailers and the international chains that dominate most retail parks.

Once all the vacant units are taken, the retail incubator will be left dormant until the need arises again.

Business Opportunity

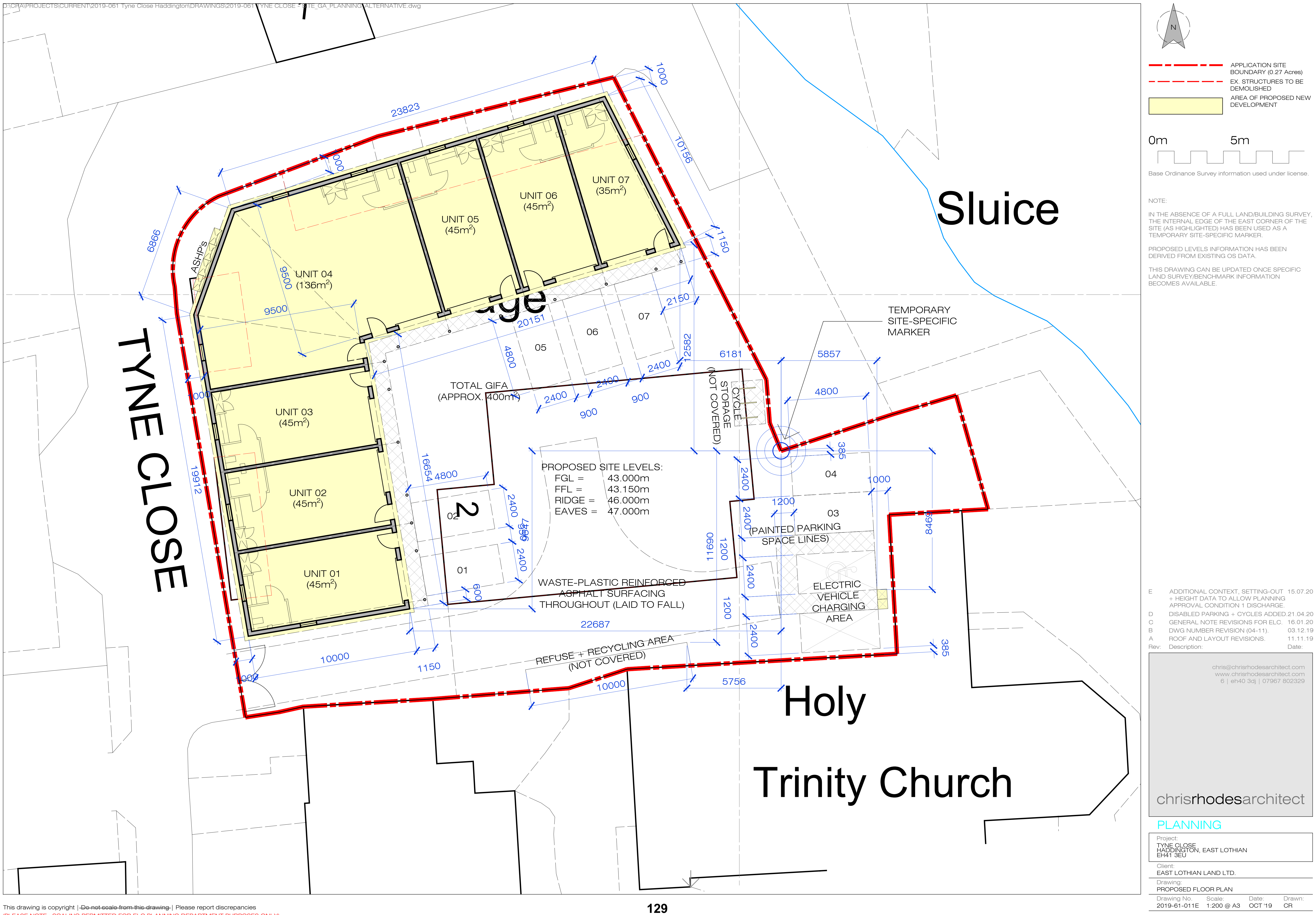
The potential opportunity to grow the Town Catalyst – Retail Incubator from an initial pilot stage is enormous. Every town across Scotland, and indeed the UK, faces the same problems of out of town development, lack of retail and attraction businesses, and a reliance on the service sector to provide local employment opportunities.

The initial pilot will be run for a period of 12 months in the town of Dunbar, which at the date of writing had five vacant units.

Funding could then be expanded across other town centres in collaboration with East Lothian Council.

The Town Catalyst – Retail Incubator already has the support of the Dunbar Trades Association, the Business Gateway, and Economic Development.

There is also further opportunity to move into purchasing high street properties to keep an income generation tool for future town ventures. With a property portfolio, the snowball effect this could have across the UK becomes even greater.


D:\CRA\PROJECTS\CURRENT\2019-061 Tyne Close Haddington\DRAWINGS\2019-061 TYNE CLOSE - SITE_GA_PLANNING_ALTERNATIVE.dwg
N
APPLICATION SITE BOUNDARY (0.27 Acres)
EX. STRUCTURES TO BE DEMOLISHED
AREA OF PROPOSED NEW DEVELOPMENT
0m
5m
Base Ordinance Survey information used under license.
NOTE:
IN THE ABSENCE OF A FULL LAND/BUILDING SURVEY, THE INTERNAL EDGE OF THE EAST CORNER OF THE SITE (AS HIGHLIGHTED) HAS BEEN USED AS A TEMPORARY SITE-SPECIFIC MARKER.
PROPOSED LEVELS INFORMATION HAS BEEN DERIVED FROM EXISTING OS DATA.
THIS DRAWING CAN BE UPDATED ONCE SPECIFIC LAND SURVEY/BENCHMARK INFORMATION BECOMES AVAILABLE.
Sluice
TYNE CLOSE
Holy Trinity Church
UNIT 07 (35m²)
UNIT 06 (45m²)
UNIT 05 (45m²)
UNIT 04 (136m²)
UNIT 03 (45m²)
UNIT 02 (45m²)
UNIT 01 (45m²)
ASHP's
TOTAL GIFA (APPROX. 400m²)
TEMPORARY SITE-SPECIFIC MARKER
CYCLE STORAGE (NOT COVERED)
PROPOSED SITE LEVELS:
FGL = 43.000m
FFL = 43.150m
RIDGE = 46.000m
EAVES = 47.000m
(PAINTED PARKING SPACE LINES)
ELECTRIC VEHICLE CHARGING AREA
WASTE-PLASTIC REINFORCED ASPHALT SURFACING THROUGHOUT (LAID TO FALL)
REFUSE + RECYCLING AREA (NOT COVERED)
E ADDITIONAL CONTEXT, SETTING-OUT + HEIGHT DATA TO ALLOW PLANNING APPROVAL CONDITION 1 DISCHARGE. 15.07.20
D DISABLED PARKING + CYCLES ADDED. 21.04.20
C GENERAL NOTE REVISIONS FOR ELC. 16.01.20
B DWG NUMBER REVISION (04-11). 03.12.19
A ROOF AND LAYOUT REVISIONS. 11.11.19
Rev: Description: Date:
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PLANNING
Project:
TYNE CLOSE
HADDINGTON, EAST LOTHIAN
EH41 3EU
Client:
EAST LOTHIAN LAND LTD.
Drawing:
PROPOSED FLOOR PLAN
Drawing No. 2019-61-011E
Scale: 1:200 @ A3
Date: OCT '19
Drawn: CR