

REPORT TO: Audit and Governance Committee

MEETING DATE: 20 September 2022

BY: Chief Executive

SUBJECT: Development Risk Register

1 PURPOSE

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

2 RECOMMENDATIONS

- 2.1 It is recommended that the Audit and Governance Committee notes the Development Risk Register and in doing so, the Committee is asked to note that:
 - the relevant risks have been identified and that the significance of each risk is appropriate to the current nature of the risk.
 - the total profile of the Development 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 Development and are likely to be a feature of the risk register over a number of years.

3 BACKGROUND

- 3.1 The Risk Register has been compiled by the Development LRWG. All risks have been evaluated using the standard (5x5) risk matrix (Appendix 2) producing an evaluation of risk as either 'low (1-4)', 'medium' (5-9), 'high' (10-19) or 'very high' (20-25).
- 3.2 The Council's response in relation to adverse risk or its risk appetite is such that:
 - Very High risk is unacceptable and measures should be taken to reduce, transfer or treat the risk to a more tolerable position;
 - High risk may be tolerable providing the Council is assured that adequate and effective control measures are in place;

- Medium risk is tolerable with control measures that are cost effective;
- Low risk is broadly acceptable without any further action to prevent or mitigate risk.

3.3 The current Development Risk Register includes 1 High, 4 Medium and 5 Low risks. As per the Council’s Risk Strategy, only the one High risk is being reported to the Committee.

3.4 Please also note that within Development there are three Project Risk Registers covering the Cockenzie Site, Blindwells and the Innovation Hub. Each of these have one summary of the overall risk within the Development Risk Register.

4 POLICY IMPLICATIONS

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

5 INTEGRATED IMPACT ASSESSMENT

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

6 RESOURCE IMPLICATIONS

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

6.2 Personnel - There are no immediate implications.

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

7 BACKGROUND PAPERS

7.1 Appendix 1 – Development Risk Register 2022

7.2 Appendix 2 – Risk Matrix

AUTHOR’S NAME	Scott Kennedy	
DESIGNATION	Emergency Planning, Risk and Resilience Officer	
CONTACT INFO	skennedy@eastlothian.gov.uk	01620 827900
DATE	08 September 2022	

Development Risk Register 2022

Date reviewed: 5th September 2022

APPENDIX 1

Risk ID	Risk Category	Risk Description (Threat/Opportunity to achievement of business objective)	Risk Control Measures (currently in place)	Risk & Controls Owner	Assessment of Current Risk			Planned Risk Control Measures	Assessment of Residual Risk [With proposed control measures]			Planned Control Owners	Planned Control Target Date	Evidence held of Regular Review
					Likelihood	Impact	Risk Rating		Likelihood	Impact	Residual Risk Rating			
					L	I	L x I		L	I	L x I			
D1	Service objectives	<p>Failure to facilitate supportive business formation and recovery environment</p> <p>Failing to facilitate a conducive environment for business formation, recovery and growth would lead to a lack of opportunity / encouragement to new start-ups, businesses with growth potential, and relocation of businesses to East Lothian. Opportunity cost in terms of prosperity and employment as well as risk of business failure and job losses. Reputational risk to East Lothian as a business location and consequently to the Council. Impact on the revenue of the Council through reduced income from business rates, rents, and council tax. May lead to higher costs of service provision e.g. welfare support to tackle growing inequalities.</p> <p>There are:</p> <p>Ongoing issues with the availability of commercial space within the County. Recent commercial needs review highlights full occupancy and older business units coming to the end of their effective life. Lack of new developments coming forward, due to difficulties with delivering development on allocated sites.</p> <p>Significant risks to viability and growth of businesses due to increasing impact on cost base (rising costs of resources / utilities / transportation etc.), linked cost of living increases/wage deflation, as well as issues finding and retaining skilled staff as result of very low unemployment levels</p> <p>Ongoing issues in terms of shifting buying patterns, loss of confidence, and debt burden following COVID-19 additionally increasing the risk of business failure, job losses, and increased personal debt.</p>	<p>Delivery of Business Gateway by specialist advisers enables staff to engage with, support and monitor business performance and confidence. Monitor developments regarding the national review of business support environment including national Business Gateway review.</p> <p>Ongoing monitoring of commercial / employment land availability and planning support to developers bringing forward plans for allocated sites.</p> <p>Continue to monitor economic situation and work with national partners via CEG and BSP, carry out 'business base survey' to gather further intelligence and inform ongoing delivery / scope of support funds.</p> <p>Additional business support funding introduced during 21/22 being continued (c/f) to 22/23 with addition of circa £750k 1 year 'LA-CER' Fund to provide additional expert help for businesses plus a range of grant funding to support sustainability and growth projects.</p> <p>UK Shared Prosperity Investment Plan submitted to UK Government to secure additional financial support for communities, businesses, and skills development, circa £408k in year 1 of 3.</p> <p>LUF2 bid submitted to secure funds for remediation of potential future employment land at former Cockenzie Power Station site.</p>	J Baker	3	4	12	<p>Provision / development / enablement by ELC of land to allow for business growth and expansion. This is linked to the LDP and its identified employment sites and a review of potential sites through the preparation of LDP2.</p> <p>Develop new 10 year Local Economy Strategy and Action Plan</p> <p>Develop UKSPF investment plan for 23/24 and 24/25 to secure support for businesses, jobs, and communities.</p>	2	4	8	<p>J Baker</p> <p>J Baker</p> <p>J Baker</p>	<p>18/08/2023</p> <p>31/03/2023</p> <p>28/02/2023</p>	<p>Risk further reviewed by Head of Service, September 2022 with current risk score reduced from 16 to 12.</p> <p>Risk refreshed August 2022 by Service Manager – Economic Development combining three risks into one with no change to risk scores.</p> <p>Risk refreshed March 2022 with current risk score increased from 12 to 16 and residual score from 8 to 16.</p> <p>Risk refreshed November 2021 with risk scores increased to from 4 and 4 to 12 and 8.</p>
Original date produced (V1)	6 th May 2014				Overall Rating									
File Name	Development Risk Register				20-25 Very High									
Original Author(s)	Scott Kennedy, Risk Officer				10-19 High									

East Lothian Council Risk Matrix

Likelihood Description

Likelihood of Occurrence	Score	Description
Almost Certain	5	>90% chance of occurring
Probable	4	70%-90% chance of occurrence
Possible	3	30-70% chance of occurring
Unlikely	2	10-30% chance of occurring
Rare	1	<10% chance of occurring

Appendix 2

Impact Description

Impact of Occurrence	Score	Description							
		Impact on Service Objectives	Financial Impact	Physical and/or Psychological Impact on People	Impact on Time	Impact on Reputation	Impact on Assets	Business Continuity	Legal & Regulatory
Catastrophic	5	Catastrophic failure in service delivery and key service standards are not met, long-term catastrophic interruption to operations, several major partnerships are affected	Severe impacts on budgets (emergency Corporate measures to be taken to stabilise Council Finances. Consideration should be given as to whether this is an insured or uninsured risk and whether there may be reliance on reserves. The Council is expected to hold a reserve to budget ratio of 2%.	Single or Multiple fatality and or psychological impact, within council control, leading to 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. Prolonged regional and national condemnation.	Significant disruption to building, facilities, vehicles or equipment (Loss of building, vehicles, rebuilding required, temporary accommodation required, vital equipment lost without replacement capability available resulting in services being unable to be delivered).	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, including substantial involvement from regulators.
Major	4	Major impact to service quality, multiple service standards are not met, long-term disruption to operations, multiple partnerships affected.	Major impact on budgets (need for Corporate solution to be identified to resolve funding difficulty). Consideration should be given as to whether this is an insured or uninsured risk and whether there may be reliance on reserves.	Number of extensive injuries (major permanent harm) or major psychological impact to employees, service users or public.	Major - between 1 & 2 years to recover pre-event position.	Serious negative national or regional criticism and publicity.	Major disruption to building, facilities, vehicles or equipment (Significant part of building unusable for prolonged period of time, alternative accommodation required, equipment or vehicles unavailable to provide significant elements of service delivery and no appropriate contingency arrangements in place).	Significant impact on service provision or loss of service.	Legal, regulatory, or contractual breach, severe impact to Council, fines and regulatory action publicly enforced.
Moderate	3	Significant fall in service quality, major partnership relationships strained, serious disruption in service standards.	Moderate impact on budgets (can be contained within overall directorate budget).	Serious injury requiring medical treatment or moderate psychological impact 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.	Adverse national media public attention with elected members becoming involved.	Moderate disruption to building, facilities, vehicles or equipment (loss of use of building for medium period, loss of equipment or vehicles requires contingency arrangements to be employed and has moderate impact on overall service delivery).	Security support and performance of service/system borderline.	Legal, regulatory, or contractual breach, moderate impact to Council, regulator action and or improvement required of the Council .
Minor	2	Minor impact to service quality, minor service standards are not met, short-term disruption to operations, minor impact on a partnerships	Minor impact on budgets (can be contained within service head's budget).	Non life changing injury or psychological impact to staff or member of the public requiring treatment.	Some - between 2 and 6 months to recover.	Minor adverse local, public or media attention and complaints.	Minor disruption to building, facilities, vehicles or equipment (alternative arrangements in place and covered by insurance, equipment or vehicles unavailable for small period of time minor impact on service).	Reasonable back-up arrangements, minor downtime of service/system.	Legal, regulatory, or contractual breach, minor impact to Council, regulator advice and improvement requested of the Council.
Minimal	1	No impact to service quality, limited disruption to operations.	Minimal impact on budgets (can be contained within unit's budget).	Minor injury or minor psychological impact to employee, service user or public.	Minimal - Up to 2 months to recover.	Public concern restricted to local complaints and of no interest to the media.	Minimal disruption to building, facilities, vehicles or equipment (alternative arrangements in place, equipment or vehicles alternative quickly available to replace or substitute).	No operational difficulties, back-up support in place and security level acceptable.	Legal, regulatory, or contractual breach, negligible impact to Council, regulator suggested improvements requested.

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