

REPORT TO: AUDIT AND GOVERNANCE COMMITTEE

MEETING DATE: 17 September 2024

BY: Chief Executive

SUBJECT: Housing Risk Register

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1 PURPOSE

- 1.1 To present to the Audit and Governance Committee the Housing Risk Register for discussion, comment and noting.
- 1.2 The Housing 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 Housing Local Risk Working Group (LRWG).

2 RECOMMENDATIONS

- 2.1 It is recommended that the Audit and Governance Committee notes the Housing 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 Housing 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 Housing 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 Housing Local Risk Working Group (LRWG). All risks have been evaluated using the standard (5x5) risk matrix 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 Housing Risk Register includes 1 Very High, 9 High, 8 Medium and 4 Low Risks. As per the Council's Risk Strategy, only the Very High and High risks are being reported to the Committee.

4 POLICY IMPLICATIONS

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

5 INTEGRATED IMPACT ASSESSMENT

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

6 RESOURCE IMPLICATIONS

6.1 Financial - It is the consideration of the Housing 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 – Housing Risk Register 2023-24

7.2 Appendix 2 – Risk Matrix

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DATE	03 September 2024

East Lothian Council Housing Risk Register

Risk ID	Category	Title	Description	Impact	Probability	Current Risk Score	Residual Risk Score	Corrective Actions	Review Date
R70	Financial Impact	Affordable Housing Supply	<p>Supply of affordable housing is outstripped by need and demand influencing rising numbers on the Councils Housing Register and increased risk of rising Homeless applications. The impact of Covid, inflation and economic impacts on household incomes may result in an increase in people applying for council housing.</p> <p>The reduction in capital investment received by the Scottish Government for this financial year and beyond has been severe resulting in a high likelihood of losing affordable units.</p> <p>Insufficient Council owned land and constrained HRA budgets are also impacting on the ability to secure units and deliver much needed affordable housing. Much of the land in East Lothian is tied up in options to private housing developers, leading to an inability to control provision of new affordable housing and reliance on planning policy for affordable housing to deliver land. Pressure on the housing stock in East Lothian continues to increase with increasing homeless applications.</p> <p>Government Resource Planning Assumptions (RPAs) for East Lothian have been provided for the period 2024/25 – 2026/27 as follows: 2024/25 - £8.67m 2025/26 - £6.93m 2026/27 - £3.44m</p> <p>The government's affordable housing programme has been over committed for the last two years. This is even greater as a result of the reduced investment.</p> <p>There is rising concern about the impact of cost pressures emerging in the new supply programme, Grant benchmarks have been increased.</p> <p>Housing for Varying Needs (HFVN) Standards are being reviewed by the Scottish Government. These together with revisions to the Building Regulations and the Scottish Governments ambitious climate targets will lead to increased costs.</p> <p>There is also the increase pressure arising from the need to deliver Carbon Neutral Housing by 2045.</p>	4	5	20	16	161 - Supplementary Planning Guidance is under review 162 - Planning underway for Local Housing Strategy 2023-28, 163 - Updated SHIP completed October 2022 sets out future investment priorities. 164 - Supporting Local Investment Framework being developed. 165 - Programme for Governance key messages 166 - Regional Housing Programme proposed through Edinburgh and South East Scotland City Region Deal 167 - Continue to explore new opportunities to maximise the supply of affordable housing 168 - ALACHO and COSLA joint response to Housing and Planning Committee	28/02/2025
R71	Impact on Service Objectives	Lack of Accessible Housing	<p>Lack of accessible housing to meet needs of current and projected population leading to inability to meet needs of customers.</p> <p>Potential increased pressure on care and health services as customers remain in inappropriate housing and require additional inputs to sustain them while also increasing our homeless pressure</p> <p>Increase in funding for adaptations will be required to make best use of existing stock to meet customers' needs. It is also required to ensure the demand for adaptations in the private sector is met.</p>	4	4	16	12	169 - Holding statement provided to ELHSCP until Housing Contribution Statement can be refreshed	28/02/2025

Risk ID	Category	Title	Description	Impact	Probability	Current Risk Score	Residual Risk Score	Corrective Actions	Review Date
R67	Financial Impact	Fuel Poverty	<p>Increase in fuel poverty due to a variety of factors:</p> <ul style="list-style-type: none"> - Increase in fuel prices - Impact of welfare reform - Changing householder economic / financial situation - COVID impact - loss of employment. - cost of living <p>There may also be a lack of skilled workforce to install EWI due to Brexit.</p> <p>Energy Efficiency is a national infrastructure priority (SG's Infrastructure Investment Plan 2015). During 2017, the Scottish Government consulted on a range of related issues as part of the draft Climate Change Plan and draft Scottish Energy Strategy. Energy Efficiency Scotland Programme (EES) is currently under development and will be a co-ordinated programme to improve energy efficiency of homes alongside commercial, public and industrial sectors.</p> <p>The impact of living in fuel poverty can place additional pressure on existing services –health, social care, advice, rent income.</p> <p>New buildings consented from 2024 must use zero direct emissions heating. This could result in tenants having higher heating due to electric heating currently being more expensive to run than gas.</p> <p>Potential increased risk of damage to the fabric of buildings and impact on health and wellbeing of tenants as a result of tenants not being able to afford to heat their homes.</p> <p>There has been a significant increase in demand for the energy advice service, resulting in an increase in cost.</p>	4	4	16	8	<p>146 - Further roll-out of mobile working and targeted efficiency improvements.</p> <p>147 - Closely monitoring Scottish Governments Heat in Buildings Strategy</p> <p>148 - Housing Strategy and Development and Property Maintenance looking to develop an Energy Efficiency Policy</p> <p>149 - Local Heat and Energy Efficiency Strategy (LHEES) pilot complete</p> <p>150 - Scottish Government is in consultation on New Build Heat Standard Part 2</p> <p>151 - Scottish Government is planning to introduce a Heat in Buildings Bill to Parliament in 2024</p> <p>152 - Scottish Government is in consultation on New Build Heat Standard Part 2</p> <p>153 - New Local Housing Strategy is currently being drafted</p> <p>154 - Current Energy Efficiency advice service provision (via Changeworks) has been reviewed</p> <p>155 - Continue to explore and identify new innovative methods and solutions to improve energy efficiency</p> <p>156 - Develop some information and advice in relation to energy efficiency and maintenance of homes.</p> <p>157 - Low Carbon Energy Analysis and Report from Carbon Futures trust</p>	28/02/2025
R64	Financial Impact	Building material supply Issues	<p>Concurrent impacts of Brexit, COVID-19, war in Ukraine and other global supply chain factors are affecting building material supplies. There are currently inconsistencies in the supply of these materials across all trades.</p> <p>This is impacting on cost and repair timescales and ability to meet statutory repair duties and could result in emergency repairs not being carried out.</p> <p>This is also impacting on the affordable housing programme leading to delays on delivery, impacting on targeted spend profile and increasing costs which are becoming unaffordable.</p> <p>Subsidy has increased but the overall allocation has stayed the same resulting in more subsidy per unit but a reduction in overall completions.</p>	4	4	16	12	<p>140 - Continue to liaise with the Scottish Government in relation to increasing costs and the new build benchmark for subsidy.</p>	28/02/2025
R69	Financial Impact	Private Sector Housing Grant 2023 and risks associated with the delivery of private sector adaptations carried out by Care and Repair.	<p>Increased demand as well as increased cost of materials with no increase in the Private Sector Housing Grant is resulting in a backlog of adaptations for future years. This is also increasing pressure and demand for more accessible housing and for potential hospital admissions and delayed discharge.</p> <p>Where major adaptations cannot be carried out, East Lothian Council and UB will be failing to meet their statutory duties under Housing (Scotland) Act 2006 and the Public Bodies (Joint Working) (Scotland) Act 2014.</p>	3	5	15	12	<p>158 - Best value review of Care and Repair East Lothian.</p> <p>159 - Members Library Report setting out the challenges.</p> <p>160 - Liaise with Scottish Government to highlight the risk and the need to review the funding allocation.</p>	28/02/2025
R77	Financial Impact	HRA income and Rent Arrears	<p>A fall in HRA income may impact on our ability to provide services and deliver on capital investment plans.</p> <p>Any increase in rent arrears would reduce income to the HRA.</p> <p>There continues to be a risk associated with the financial impacts of Covid-19.</p> <p>Times continue to be challenging and many households are facing financial hardship with cost of living pressures.</p>	3	4	12	9	<p>178 - A draft Rent Income Management Policy</p>	31/12/2024

Risk ID	Category	Title	Description	Impact	Probability	Current Risk Score	Residual Risk Score	Corrective Actions	Review Date
R79	Financial Impact	Housing Quality falling below SHQS	<p>Our houses are required to meet the Scottish Housing Quality Standard (SHQS) and will be required to meet the Energy Efficiency Standard in Social Housing (EESHS). Delivery of these Standards is a significant contributor to the achievement of several of the National Outcomes the Scottish Government aims to achieve.</p> <p>The Scottish Housing Regulator (SHR) is monitoring progress against these Standards and failure to clearly demonstrate compliance may involve intervention by the SHR on the management of stock quality. It could also lead to loss of reputation to the Council as a service provider and the largest landlord in East Lothian.</p> <p>While a rolling stock condition survey programme is in place, the data is incomplete.</p> <p>Procurement rules negate our ability to enter into building contracts on s75 obligations which involve the transfer of completed units. This also prevents the ability to influence the specification which can result in poor quality products and increased resources in relation to resolving defects. This can in turn result in an impact on future repairs and maintenance costs.</p>	4	3	12	8	<p>181 - Housing Asset Management Strategy to be developed</p> <p>182 - Support the development of an Affordable Housing Design Guide.</p> <p>183 - Housing Compliance framework to be developed in conjunction with new HMS</p>	31/03/2025
R81	Impact on Service Objectives	Mobile Working	<p>Current mobile working hardware, within Property Maintenance, is dated and does not meet PSN requirements. This has resulted in a switch-off of existing hardware, and reverting to paper-based job ticketing, placing increased pressure on administrative resources.</p> <p>A project to implement Windows 8 tablet technology was terminated due to the supplier failing to meet expectations.</p> <p>Further issues with integration to Orchard HMS have furthered hindered user acceptance testing.</p> <p>Delays in implementing this new system results in more labour intensive processes and delays in the progression from practical job completions to ledger payments, negatively impacting on the efficient running of the trading activity.</p>	3	4	12	6	184 - Implementation of phase 2 mobile working	09/02/2025
R83	Legal	Solid Fuel Installations and Safety	<p>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.</p> <p>Chimneys flues are generally in poor condition and the Council are unable to directly control fuels burnt in solid fuel appliances.</p> <p>Solid fuel systems are generally less efficient and higher carbon emitting than other alternative domestic fuel types.</p>	5	2	10	5	188 - Programme for removal and replacement of solid fuel systems in remaining 30 properties.	31/03/2025
R80	Impact on People	Risk of Work at Height Injury	<p>Work at Height remains the biggest cause of fatal injury in the workplace for certain Property Maintenance employees.</p> <p>A fatal injury could expose the council and/or individuals to criminal charges and subsequent civil actions. Any fatal injury could have a major impact on the victims' family and potentially damaging to the Council's reputation.</p>	5	2	10	5	<p>185 - Proposed restructure to include a dedicated HandS Team within Property Maintenance.</p> <p>186 - Competency frameworks to be identified to ensure supervisors attend training courses</p>	09/02/2025

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

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

Key

Risk	Low	Medium	High	Very High
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