

REPORT TO: AUDIT AND GOVERNANCE COMMITTEE

MEETING DATE: 17th December 2024

BY: Chief Executive

SUBJECT: Communities, Corporate Support, Development and Finance Risk Registers

1 PURPOSE

- 1.1 To present to the Audit and Governance Committee the Communities, Corporate Support, Development and Finance Risk Registers for discussion, comment and noting.
- 1.2 These Risk Registers are developed in keeping with the Council's Risk Management Strategy and are live documents, which are reviewed and refreshed on a regular basis, led by the Local Risk Working Groups (LRWG) within each service.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Audit and Governance Committee notes these 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 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 and are likely to be a feature of the risk register over a number of years.

3 BACKGROUND

- 3.1 The Risk Registers has been compiled by the respective LRWGs. All risks have been evaluated using the standard (5x5) risk matrix (Appendix 5) 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 four risk registers presented include the following number of risks.

- Communities Risk Register includes 1 Very High, 6 High, 17 Medium and 3 Low risks.
- Corporate Support Risk Register includes 1 Very High, 4 High, 14 Medium and 10 Low risks.
- Development Risk Register includes 3 High, 3 Medium and 5 Low risks.
- Finance Risk Register includes 8 High, 5 Medium and 6 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 respective LRWGs 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 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 Council 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 – Communities Risk Register

7.2 Appendix 2 – Corporate Support Risk Register

7.3 Appendix 3 – Development Risk Register

7.4 Appendix 4 – Finance Risk Register

7.5 Appendix 5 – Risk Matrix

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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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East Lothian Council Communities Risk Register

Risk ID	Category	Title	Description	Impact	Probability	Current Risk Score	Residual Risk Score	Corrective Actions	Latest Update	Review Date
R97	Impact on Service Objectives	Failure of IT customer interface systems	<p>Failure of IT customer interface systems (including Telephony)</p> <p>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</p> <p>Data unable to be inputted onto databases Customers unable to access self-service and get on-line Services unable to meet customer expectations resulting in reputational damage, service level breach, poor publicity and failure to provide essential services.</p>	5	4	20	15	<p>222 - Work ongoing to simplify and improve interfaces between systems to reduce technical failures.</p> <p>223 - Replacement of analogue with digital enabled alarms</p> <p>224 - Upgrade of Netcall</p> <p>225 - Complete planned upgrade of existing Digital system to cope with both analogue and digital alarms.</p> <p>226 - Technology solutions that may enable bulk communication to end users</p>	17/10/2024	10/04/2025
R98	Business Continuity	Loss or damage of assets	Loss or damage or delayed repair of assets due to fire, explosion, storm, flood, malicious damage, theft, lack of repair/maintenance, lack of adequate security measures, loss of utility supply or lack of facility support.	4	4	16	9	<p>229 - Exploration of CCTV for Prestongrange site</p> <p>230 - Exploration of appropriate insurance cover and insurance quotations for ELC Arts and Museum collections</p> <p>231 - Fencing will be installed around a number of buildings at Prestongrange</p>	06/11/2024	31/01/2025
R100	Impact on Service Objectives	Service Capacity – Staffing	Staffing pressures across the breadth of Community Services service delivery county-wide may impact on the ability to safely deliver services e.g. Customer Services and Libraries, Contact Centre, Community Centres, Food Safety Inspections etc.	4	4	16	9	<p>237 - Explore graduate intern and KickStart opportunities</p> <p>238 - Roll-out of service offering within the Customer Platform improving linkages to other systems</p> <p>240 - Review Customer Services and Connected Communities Service physical assets</p>	14/10/2024	28/02/2025

R104	Impact on People	Failure in Contact Centre Community Response	<p>This is a call service for telecare/community alarm customers for East Lothian Council, Midlothian Council and Scottish Borders Councils.</p> <p>A failure in Community Response processes i.e. staff not dealing with calls appropriately, not following scripts, not asking appropriate questions, making assumptions about what is wrong/who the caller is, not dealing with requests timeously/not noting key information etc. could result in:</p> <p>Serious injury to customers Fatality of customers Loss in confidence by stakeholders/partners/customer Financial loss due to liability claims HSE involvement The Council could become unable to respond to customer requests at the first point of contact. All of the above could lead to reputational and or financial damage to the council and poor publicity.</p>	5	3	15	10	<p>226 - The Local Govt Digital Office is setting up a group to work on this national issue and ELC will be part of that. ELC is also looking at technology solutions that may enable bulk communication to end users to advise them of a fault and help to prioritise support to those who need help urgently.</p> <p>225 - Complete planned upgrade of existing Digital system to cope with both analogue and digital alarms.</p> <p>223- Replacement of analogue with digital enabled alarms (won't work with existing ARC system).</p>	17/10/2024	10/04/2025
R99	Financial Impact	Appropriate Insurance Cover	<p>Failure to identify, source and secure effective insurance cover for the Council e.g. public liability and employers' liability, property and vehicle assets (both ELC owned and leased) insurance cover etc. would leave the Council vulnerable to significant risk in respect of claims received. This could lead to financial loss and reputational damage.</p> <p>Should the Council's Insurance Service fail to operate effectively, risks may increase regarding effective management of insurance claims handling, policy compliance and accurate information being provided to the insurers (as required under the Insurance Act 2015). This, in turn, could lead to fraudulent claims, uninsured financial loss and reputational damage.</p> <p>Failure to declare accurately the risks within the Council to our insurers could result in cover being withdrawn and / or additional premiums or deductibles being incurred (leaving the Council at greater financial risk)</p> <p>Failure to maintain and implement / audit policies and procedures, including appropriate insurance MIS and records management and safeguarding of insurance claims data, could lead to a deterioration in the Council's claims experience. This will increase the premiums that the Council will have to pay. This may impact on the value of the Corporate Insurance Fund held within the Council's Reserves.</p> <p>The Council has never held insurance for the Council's museum/art collection or for items exhibited in museums or libraries.</p> <p>Any damage to or loss of these items due to water/fire damage etc. may result in request for no compensation and / or cause reputational damage.</p> <p>This could mean the loss of items of local/national significance, which could not be replaced, impacting on the ability of the Museums Team to meet service objectives.</p>	4	3	12	8	<p>232 - Focus on the Service Management Team re lessons learned to be delivered directly and preventative measures to be shared</p> <p>234 - Development of Insurance e-learning for all staff including information about the policies in place, requirements for annual declarations and also emerging insurance risks.</p>	06/11/2024	21/02/2025

R102	Impact on People	Fatality, Major Injury, Serious Incident in ELC enforced Workplace	<p>Under the Health & Safety at Work Act 1974, ELC is the enforcing authority for a significant number of workplaces in East Lothian. In the event of a fatality, major injury or serious incident, officers from Protective Services will be required to investigate and identify any legislative breaches which may result in prosecution. Officers may also be required to give evidence at a Fatal Accident Enquiry. Failure to meet these obligations could lead to significant reputational damage for ELC.</p> <p>Risk Factors: In 2010, UK Gov significantly reduced pro-active inspections of workplaces. This has reduced experience of officers and therefore competency levels. Investigations are time consuming and resource intensive adding pressure to existing team to deliver other statutory duties. There is currently a national shortage of qualified Environmental Health Officers which may have future implications for resourcing levels. Investigation processes and procedures need to be robust as most prosecutions are taken on summary indictment. Increased media attention / Information requests Third party insurance claims made against the Council. Depending upon the nature of the incident, the area may require evacuation and/or decontamination.</p>	4	3	12	8	<p>246 - Business Continuity Plan to be reviewed to include actions where resource is deployed into a major investigation.</p> <p>247 - Annual Service Plan to include initiatives that will increase pro-active activities e.g. topic visits, table-top scenarios, consistency exercises etc.</p> <p>248 - Competency Framework and Matrix to be developed to ensure required skills and knowledge are gained and maintained.</p> <p>249 - Any competency gaps to be identified and addressed vis PRD process.</p> <p>250 - Out of hours provision requires review.</p>	11/07/2024	22/05/2025
R113	Impact on People	Outbreak of Communicable Disease	<p>An outbreak of infectious disease in the East Lothian area will involve participation of Environmental Health Officers in the investigation, control and management of the outbreak under the Public Health (Scotland) Act 2008.</p> <p>Failure to efficiently respond to such an incident could result in serious illness or fatalities to the public as well as reputational risk to the Council.</p> <p>Risk Factors: Increased Global travel post-covid can see a rise in imported and unusual disease. Lack of post-brexite border checks may compromise food safety and may result in increased illness. Investigations are time consuming and resource intensive adding pressure to existing team to deliver other statutory duties. There is currently a national shortage of qualified Environmental Health Officers which may have future implications for resourcing levels. Such incidents attract significant media interest Matter may result in a public enquiry/formal investigation into the incident, which would affect the deployment of Council resources to carry out day-to-day work. Led to third party insurance claims to be made against the Council. Depending upon the nature of the incident, the area may require evacuation and/or disinfection.</p>	4	3	12	6	<p>286 - Protective Services Service Review to generate increased service capacity and resilience</p> <p>287 - Business Continuity Plan to be reviewed</p> <p>288 - Competency Framework and Matrix to be developed</p> <p>289 - Any competency gaps to be identified and addressed</p> <p>290 - Regular training on outbreak response and management to be developed and rolled-out to staff</p> <p>291 - Review out of hours provision</p>	31/07/2024	22/05/2025