

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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DATE	5 th December 2024

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 Development Risk Register

Risk ID	Category	Title	Description	Impact	Probability	Current Risk Score	Residual Risk Score	Corrective Actions	Review Date	Latest Update
R86	Impact on Service Objectives	Failure to facilitate supportive environment for economic growth	If the Council fails to facilitate a conducive environment for business formation, recovery, and growth then there will be fewer new start-ups, fewer growing businesses, fewer businesses relocating to East Lothian, lower private sector investment, and East Lothian will be less prosperous with increasing inequalities.	4	4	16	16	<p>202 - Long term planning for provision development enablement by ELC of land to allow for business growth and expansion.</p> <p>203 - Develop new 10 year Local Economy Strategy and Action Plan.</p> <p>204 - Deliver remediation and masterplan for former Cockenzie Power Station site</p> <p>205 - Explore individually and with others the identification of alternative funding streams</p>	28/02/2025	21/08/2024
R89	Impact on Service Objectives	Future development of the Blindwells expansion proves technically undeliverable, unviable or unaffordable	<p>Larger new town is a long term project that is likely to span several economic and political cycles, and generate significant capital and revenue requirements and additional demands for services and facilities as it is developed and once operational.</p> <p>Work that is currently being undertaken on the business case for expansion will consider technical requirements, and capital and revenue impacts of the development, and may demonstrate that there is no technically sound, viable or affordable future for the expansion area or no technical, viable or affordable future without public sector financial support from either or both Governments. The level of potential solution, including capital and revenue support to be identified, quantified and agreed with both Governments as a commitment through business case development, if required, before any expansion scheme is committed to by ELC.</p> <p>May lead to development requirements needing to be met elsewhere in East Lothian in whole or part.</p>	3	4	12	8	<p>207 - Ministerial engagement with UKG SG</p> <p>208 - Engage with Depute First Minister to start a dialogue</p> <p>209 - Ensure landowners base proposals on sound technical work</p> <p>210 - Test the robustness of the viability model prepared by the landowners and agree development programme and phasing model</p> <p>211 - Encourage equalisation agreement between landowners.</p> <p>212 - Consider if any need for shared control of land for shared infrastructure.</p> <p>213 - If allocated, identify and quantify additional revenue and public loan or grant investment required, facilitate arrangements between public-private-third sectors if needed.</p> <p>214 - Identify method to protect any public loan investment, including though engagement with SFT.</p>	30/04/2025	08/11/2024

R85	Property	Failure of Parking Management Project	<p>Parking demand in many of East Lothian's town centres can be high, especially at peak periods. Growth in car ownership and a lack of spaces for short stay parking makes it difficult for people to access amenities and local businesses. Improving the availability of short stay parking in the town centre increases turn-over making it easier to access the town centre and local services. Opposition raised from the business community stating parking charges will deter shoppers.</p> <p>Income generated would assist in delivering the investment required to introduce and maintain parking management arrangements and to achieve safer streets, parking space turnover and wider investment in active travel and sustainable transport provision.</p> <p>Income generated can be used to encourage greater use of public transport and promote active travel such as walking and cycling to address the Climate Emergency.</p> <p>Resources are required to implement and manage the project timeously to avoid delay and disruption in the delivery of proposed interventions (infrastructure and personnel) on a yearly basis.</p> <p>Political and public opposition to the proposals may increase levels of challenges, scrutiny and objections elongating delivery or potentially abandoning the project.</p>	3	4	12	9	<p>196 - Undertake full economic impact assessments, demand assessments and technical work for all East Lothian towns.</p> <p>197 - Provide consistent approach to consultation on an individual town by town basis commencing in Musselburgh.</p> <p>198 - Engage with community leaders, businesses, area partnerships early to explore their concern.</p> <p>199 - Identify partners and allies to keep messages positive.</p> <p>200 - Exploring and identifying additional off street parking intervention(s) where appropriate.</p>	31/03/2025	06/11/2024
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