

East Lothian Council Finance Risk Register

Risk ID	Category	Title	Description	Impact	Probability	Current Risk Score	Residual Risk Score	Corrective Actions	Review Date
R248	Financial Impact	Market Conditions and Supply Chain Disruption	There is a risk that suppliers may not participate in tenders or request that response periods be extended due to lack of market/supplier/internal resource availability. This could result in returned tender proposals exceeding allocated budget but is limited to some categories of procurement.	4	4	12	12	<p>Explore enhanced value engineering, where possible</p> <p>Review opportunities to phase planned works.</p> <p>Consider delaying capital and revenue projects where appropriate.</p> <p>Undertake Capital Plan review and prioritisation - using what we have differently to deliver essential projects only.</p> <p>Work on recruitment with EL works and further consideration to procurement options for care packages.</p>	30/11/2026
R249	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>Times continue to be challenging and many households are facing financial hardship with cost-of-living pressures.</p>	3	4	12	9	<p>A draft Rent Income Management Policy has been developed and is currently pending awaiting input from the Housing Service in relation to homelessness arrears.</p> <p>The Rent Income Team has been working with Housing Quality Network (HQN) Consultant, in relation to staff training.</p>	30/11/2026
R250	Financial Impact	Loss of General Services Income	A reduction in income via reduced collection of Council revenue, including Council Tax, Business Rates and Sundry Accounts could impact adversely on the Council's ability to provide quality services.	3	4	12	9	East Lothian Council's Corporate Fraud Officer is carrying out work, in conjunction with the Council Tax and Debt Management team, through the National Fraud Initiative (NFI) data matching system	30/11/2026

R253	Financial Impact	Key Financial Systems	A failure of key financial systems e.g. Pecos, the revenues system and the financial management system due to technical problems and/or supplier failure or loss of key staff could lead to service failure and incomplete management information. Statutory functions may not be completed on the back of a system failure.	4	3	12	9	Project to implement cloud-based solution for the revenues system expected to complete at the end of November. Working with Procurement & the Transformation Team, a new Finance System has been procured and implementation is underway. This has been delayed and is anticipated in 2026.	02/04/2026
R251	Financial Impact	Scottish Welfare Fund	<p>The level of administration funding received from the Scottish Government does not reflect the actual level of resource deployed by the Council to administer the SWF scheme (crisis grants and community care grants).</p> <p>The level of programme funding received from the Scottish Government does not reflect the increased demand for SWF payments.</p> <p>Demand has increased in recent years and continues to remain high as a result of the cost of living crisis.</p> <p>It may become unsustainable for the Council to continue to provide top up funding to meet the demand for crisis and community care grants.</p>	4	3	12	8	<p>Participate in Scottish Government led Practitioner groups and work with SG and CoSLA colleagues to review the current funding model.</p> <p>Consider moving to 'high and most compelling' for crisis grants, possibly from December 2025, to reduce risk of current year overspend.</p>	30/11/2026

R254	Financial Impact	Finance Staffing Issues	<p>Loss of key finance staff, external recruitment pressures, on-going complexity and continuing financial challenges may result in the Finance service not being able to provide an appropriate level of financial support to the Council and wider services. The team 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.</p> <p>There has also been an increasing number of staff turnover including ill health and retirements of experienced staff members.</p> <p>Turnover of staff also means that knowledge is leaving the team and it will take time for new staff to get up to speed and the current controls on recruitment may result in an increased number of vacancies within the team.</p> <p>The implementation of a new Finance System had added pressure and additional workload to the team.</p>	3	4	12	6	Staff training is in place and it is anticipated that the first tranche of trainee accountants will be exam qualified by early 2026.	29/06/2026
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R252	Financial Impact	Key Financial Controls	<p>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.</p> <p>There is an increased risk of fraud as a result of changes in processes linked to new ways of working, limited staff resources in some services, and the impacts of the cost-of-living crisis.</p>	4	3	12	6	<p>A new financial system is being developed as a transformation project which is designed to modernise and improve the financial control processes across the Council. Implementation has been delayed and is now anticipated in 2026.</p>	10/11/2026
R255	Financial Impact	Internal Audit Effectiveness	<p>Internal Audit fails to effectively assess internal controls.</p> <p>Audit reviews fail to identify control weaknesses.</p> <p>Internal audit staff may not have the specialist skills required to undertake audit assignments.</p> <p>Failure by management to implement internal audit recommendations.</p> <p>All the above could lead to inaccurate assurances being given.</p>	3	4	12	6	<p>Complete a service review and review staffing capacity in the team following retirement of key member of staff</p>	10/11/2026