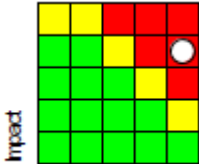

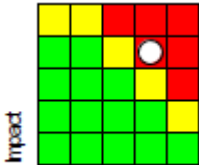
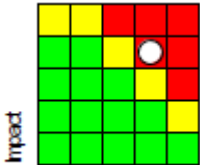
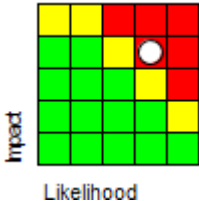
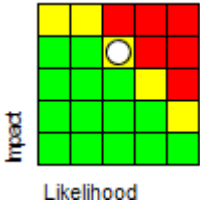


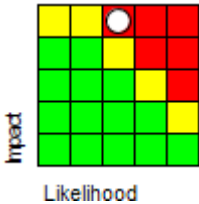
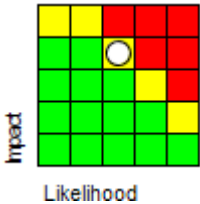
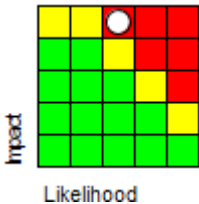
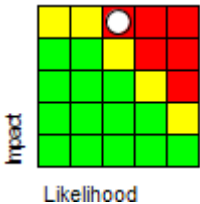
Appendix 1 Corporate Risk Report July 2023

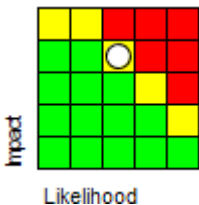
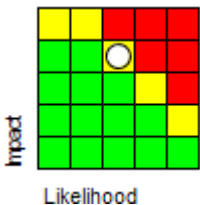
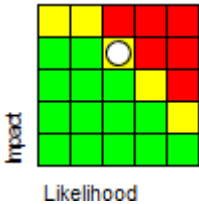
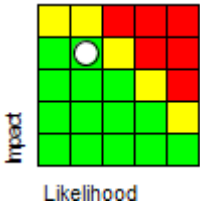
Risks ordered by RAG not numerically

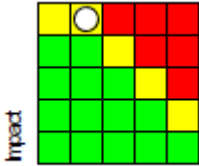
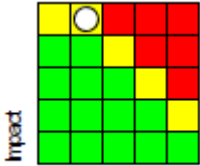


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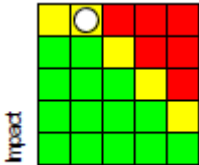



Risk Code & Description	Effect	Risk Owner	Current Risk Matrix	Control Action	Control Action Owner	Target Risk Matrix	Quarterly Update
<p>CRR17</p> <p><u>Cause:</u> The External Auditors audit the HDC Benefits Grant Subsidy return to the Department for Work and Pensions (DWP) on an annual basis to identify errors.</p> <p><u>Risk:</u> The Benefit Subsidy claim may be qualified and/or financial losses. HDC has a case load with a particularly high number of working people with many changes of circumstances.</p>	Financial Service Delivery Compliance with regulations Reputation	Dominic Bradley; Beccy Salmon	 <p>Likelihood</p>	CRR.17.1 Continuously monitor the level of quality control checking, staff development, training programmes, reducing temporary staff and other actions to mitigate reduction in quality.	Beccy Salmon	 <p>Likelihood</p>	<p>Pressure has been building in the service since the outbreak of Covid-19. In 2021/22, the HB subsidy loss breached the lower (but not upper) threshold at a cost of £65,416.</p> <p>In 2022/23, a 0.58% Local Authority error rate has breached the upper threshold of 0.54%. This means that the pre-audit position is at a cost of £122,925.</p> <p>As part of a commitment to continued service improvement, including staff development, 2022/23 has seen an increased amount of quality assurance measures in year. These increased measures have also been a result of the issues identified in the 2021/22 audit.</p> <p>This has resulted in the increased identification of error at the pre-audit stage. Around 60% of the LA error identified in 2022/23 was legacy error carried forward from the CenSus partnership.</p> <p>The risk for 2022/23 is that errors and extrapolations identified in the audit will increase the loss of subsidy further.</p>
				CRR.17.2 An earmarked reserve for subsidy provision is now in place that would cover the loss of subsidy in the event that the upper threshold in the subsidy claim is breached.	Beccy Salmon		
<p>CRR01b</p> <p><u>Cause:</u> The Council is reliant on Central Controlled Government funding (e.g. Business Rates).</p> <p><u>Risk:</u> (ii) Funding from Government is less generous than assumed in the MTFS from 2025</p>	<p>Reductions in funding</p> <p>Adverse effect on morale</p> <p>Financial</p> <p>Failure to</p>	Dominic Bradley	 <p>Likelihood</p>	CRR.01b.1 Continue to keep a watching brief	Samanth a Wilson	 <p>Likelihood</p>	<p>Government have finalised a two-year settlement for 2023/24 and 2024/25, which has reduced the risk of changes to business rates and revenue funding through the Fair Funding Review for the short term, albeit temporarily.</p> <p>For 2023/24, Council tax rises, higher investment income from the rise in the Bank of England base rate and some inflationary rises to fees have balanced</p>
				CRR.01b.2 Revisit the MTFS and if necessary 2023/24 budget in year.	Samanth a Wilson		
				CRR.01b.3 Evaluate and discuss with Members possible future actions to mitigate loss of income. e.g.	Dominic Bradley		

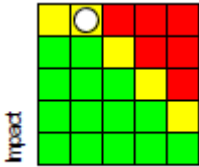
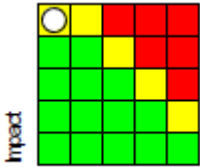
Risk Code & Description	Effect	Risk Owner	Current Risk Matrix	Control Action	Control Action Owner	Target Risk Matrix	Quarterly Update
	achieve agreed objectives			Corporate Restructure, investment and infrastructure projects that generate income.			the budget. Proposals also include allocating £1.6m to an earmarked reserve for food waste implementation costs. Despite this, a £2m to £3m budget deficit is forecast at the end of the MTFS, if inflation continues at high levels and we implement food waste in Autumn 2024. The gap will only get larger if the funding cuts are sharper than anticipated.
CRR38 - NEW RISK <u>Cause:</u> Linked to national shortage of labour in some sectors as well as experienced professionals leaving the public sector for retirement or better pay in the private sector. Capacity problems increase turnover and absence and adversely affect wellbeing and productivity levels. <u>Risk:</u> Inability to recruit and retain officers in key service areas, especially Legal, Building Control, Tech. Failure to have resilience in the staff structure, and so lacking the right number of staff with the right skills to deliver services, along with unrealistic expectations of services, which could lead to service failure, reputational damage and potential litigation.	Adverse effect on morale Financial Failure to achieve agreed business objectives Compliance with regulations Complaints / claims / litigation Stress and absenteeism	Jane Eaton		CRR.38.1 workforce planning, training, and development, growing your own, leadership and management programmes, apprenticeships, coaching, supporting skills and qualifications.	Robert Laban		New Risk. Recruitment and retention in key services such as Legal, Building Control and Technology Services has resulted in locums and vacancies, resulting in delays in delivering workloads. Some service priorities are not being delivered as quickly as the Council would like. Capacity issues slow down delivery of the capital programme.
				CRR.38.2 Efficient and effective recruitment processes, enhancing the employer brand, recruitment benefits, such as relocation package, flexible and hybrid working, market supplements and review of pay point spinal column.	Robert Laban		
				CRR.38.3 Regular staff survey to be undertaken and action plans progressed	Robert Laban		
				CRR.38.4 Review options for alternative solutions, e.g., investigating Horsham weighting allowance, increasing efficiencies in process and transformation through automation.	Dominic Bradley		

Risk Code & Description	Effect	Risk Owner	Current Risk Matrix	Control Action	Control Action Owner	Target Risk Matrix	Quarterly Update
<p>CRR18 Technological Cause: Council services are increasingly reliant on IT systems at a time when there are greater opportunities for malicious attackers to exploit security weaknesses.</p> <p><u>Risk 1:</u> A malicious attacker exploits a known or unknown security weakness to penetrate the Council's ICT systems.</p> <p><u>Risk 2:</u> IT not working due to environmental and economic problems: fire, flood, power cut and issues with the supply chain preventing new infrastructure arriving in a timely manner.</p>	<p>Loss of key systems-disruption to Council services. Cost of investigation and recovery of systems. Fraud/theft. Loss of the integrity of Council Records. Penalties from the ICO. Adverse media coverage.</p>	Dominic Bradley		CRR.18.1 Staff and Member Training	Claire Ward / Robert Laban		<p>CRR.18.1 Ongoing, as part of induction for new staff/ Members, and as required.</p> <p>CRR18.2 We are following government advice re heightened Cyber Security Threats.</p> <p>CRR.18.5 PSN Accreditation has been gained for the year.</p> <p>CRR.18.7 Backups have been reviewed and improved, though currently the programme to replace infrastructure is being affected by issues with the supply chain.</p>
				CRR.18.2 Awareness of current threats	Andrea Curson		
				CRR.18.3 An effective ICT Service delivery team	Andrea Curson		
				CRR.18.4 Effective patching and updates to mitigate known vulnerabilities	Andrea Curson		
				CRR.18.5 Compliance with expected security standards. (PSN, PCI-DSS)	Andrea Curson		
				CRR.18.6 Effective policies in place which outline security requirements for users of ICT	Andrea Curson		
				CRR.18.7 Effective back-up and recovery processes in place for Council ICT systems.	Andrea Curson		
				CRR.18.8 Transferring the risks to the cloud provider	Andrea Curson		
				CRR.18.9 Plan developed, approved internally, and being carried out.	Andrea Curson		
<p>CRR19 Cause: Uncertainty in the UK and World economy. Higher levels of salary and non-salary costs from inflation. Impact on the financial markets and the pound in the wake of Covid-19 and the energy crisis. Likelihood of a recession and slowdown in the property and financial markets. The Government has spoken about a reduction in local government funding. Risk: Rapidly rising costs from inflation. 6% inflation equates to a £1m increase in costs per year, making balancing the budget more difficult. Lower levels of income in</p>	<p>Financial Service Delivery Compliance with Regulations</p>	Dominic Bradley		CRR.19.2 Monitor the external environment	Samanth a Wilson		<p>The 2022/23 operational outturn is a £0.26m surplus for the year after carry-forwards.</p> <p>Rising inflation rates have driven up utility and maintenance costs HVO fuel and vehicle parts as well as increased staffing costs and increased housing demands. These overspends were offset by additional income from our investment activities and town centre parking.</p> <p>Budget shortfalls of around £3m a year are forecast by the end of the medium-term financial period; the other significant cost being £1.3m p.a. for a 1,2,3 food waste collection, although the timing of this is uncertain.</p>
				CRR.19.3 Monitor internal indicators, particularly costs from inflation, income generation and respond appropriately to adverse trends	Samanth a Wilson		

Risk Code & Description	Effect	Risk Owner	Current Risk Matrix	Control Action	Control Action Owner	Target Risk Matrix	Quarterly Update
planning fees; reduced car parking income; property income and Government funding. Increased costs from higher levels of homelessness and housing benefit claims.							Pressure is building on homelessness and benefits cases. Cumulative pressure on businesses since 2020 may also increase the risk on their ability to pay all rents.
CRR01c Financial <u>Cause:</u> The Council is reliant on Central Controlled Government funding (e.g., Business Rates). <u>Risk:</u> Decrease in Rateable Value due to appeals and businesses going under. This may cause the Council to fall below the business rates baseline, resulting in loss of funding.	Reductions in funding Financial	Dominic Bradley		CRR.01c.1 Continue to keep a watching brief CRR.01c.2 Evaluate and discuss with Members possible actions to mitigate loss of income. e.g., investment and infrastructure projects that generate income.	Samantha a Wilson Samantha a Wilson		Total RV is stable at present, but uncertainty remains in the aftermath of Covid-19 and pending any business rate reform. Any re-baselining is now more likely to be from April 2026. Appeals to the Valuation Office remain high, which could trigger backdated refunds. The appeals provision is approximately £2.3m, albeit the Council's share is only 40% of this.
CRR05 Governance <u>Cause:</u> Managers are responsible for ensuring that controls to mitigate risks are consistently applied. <u>Risk:</u> Officers are either unaware of expected controls or do not comply with control procedures.	Failure of business objectives Health & Safety Financial Service Delivery Compliance with Regulations Personal Privacy Infringement Reputation damage	Dominic Bradley		CRR.05.1 Officer training CRR.05.3 All Service Managers required to sign an Assurance Statement. (By 30th June Annually) (Cyclical) CRR.05.4 "Cultural compliance" Internal Audits identify service-based issues and help managers to resolve these. CRR.05.5 Programme of training and information to ensure all managers understand their roles. CRR.05.6 Governance review of the Horsham Museum	Dominic Bradley Dominic Bradley Dominic Bradley Dominic Bradley		The Annual Governance Statement actions in the 2022/23 action plan were implemented. Training and roll out of tracking and report sign off through Modern.gov is underway, but not yet embedded. Likewise, the Council's management of bullying and harassment is well underway, with training and workshops held, and policies updated, but the awareness and learning are not yet fully embedded. Majority of internal audit opinions in 2022-23 were either substantial or reasonable.

Risk Code & Description	Effect	Risk Owner	Current Risk Matrix	Control Action	Control Action Owner	Target Risk Matrix	Quarterly Update
<p>CRR02 Managerial / Professional <u>Cause:</u> The Council has a legal obligation to protect personal data. The Information Commissioners powers are much more far reaching when they change in May 2018.</p> <p><u>Risk 1:</u> Major data breach or leak of sensitive information to a third party. <u>Risk 2:</u> Risk of significant ICO fine for non-compliance with new General Data Protection Regulations (GDPR).</p>	<p>People and businesses come to harm and suffer loss that might not otherwise have occurred</p> <p>Complaints / claims / litigation</p> <p>Resources consumed in defending claims</p> <p>Financial losses</p> <p>Fines from regulators</p> <p>Adverse publicity</p> <p>Reputation damage</p>	Dominic Bradley	 <p>Likelihood</p>	<p>CRR.02.1 Develop appropriate processes & procedures which underpin the IT Security Policy</p> <p>CRR.02.3 Provide a programme of Induction and at least annual training on Information Security to all staff.</p> <p>CRR.02.4 Annual PSN Accreditation</p> <p>CRR.02.5 Representatives from each department meet to maintain compliance, updates and training</p>	<p>Andrea Curson / Lauren Kelly</p> <p>Robert Laban</p> <p>Andrea Curson</p> <p>Lauren Kelly</p>	 <p>Likelihood</p>	<p>CRR02.3 An induction programme is established, and new staff are completing IS training as part of probation, where relevant. There will be regular updates and additional training provided where necessary, as and when topical issues emerge, in a fast-moving environment that poses IS threats.</p> <p>CRR02.4 PSN Accreditation 2023 awarded.</p> <p>CRR.02.05 Due to recent data breaches, a new training presentation has been written and was delivered through service team meetings. Member training completed during Summer 2022.</p>
<p>CRR03 Legal <u>Cause:</u> The Civil Contingencies Act places a legal obligation upon the Council, with partners, to assess the risk of, plan, and exercise for emergencies, as well as undertaking emergency and business continuity management. The Council is also responsible for warning and informing the public in relation to emergencies, and for advising local businesses.</p> <p><u>Risk:</u> The Council is found to have failed to fulfil its obligations under the Act in the event of a civil emergency.</p>	<p>People and businesses come to harm and suffer loss that might not otherwise have occurred</p> <p>Complaints / claims / litigation</p> <p>Resources consumed in defending claims</p> <p>Financial losses</p> <p>Censure by regulators</p> <p>Reputation damaged</p>	Dominic Bradley	 <p>Likelihood</p>	<p>CRR.03.1 Update corporate business continuity plan and regular review.</p> <p>CRR.03.2 Update departmental business continuity plans and regular review.</p> <p>CRR.03.5 Bitesize workshops to address new procedures and processes.</p>	<p>Robert Laban</p> <p>Robert Laban</p> <p>Robert Laban</p>	 <p>Likelihood</p>	<p>CRR.03.1 Plan is up to date. All Neighbourhood Wardens have been trained as Rest Centre Managers and are earmarked for Incident Liaison Officer training later in the year to provide a tactical response at bronze level. Consideration is given to establish a process/ rota for senior managers to manage emergencies.</p> <p>CRR.03.2 All BC plans have been updated in 2021, Q3; a sample was tested in Q4 with the service heads.</p> <p>CRR.03.5 Hybrid bitesize workshops are starting again from April for: Response, BC, Recovery, Rest Centre ops.</p> <p>Review of incidents for lessons learnt.</p>

Risk Code & Description	Effect	Risk Owner	Current Risk Matrix	Control Action	Control Action Owner	Target Risk Matrix	Quarterly Update
<p>CRR06 Physical</p> <p><u>Cause:</u> The Council is responsible for the health & safety of its clients, staff, and other stakeholders, owns and maintains significant assets, and also has responsibility for H&S in some partner organisations where it does not have operational control.</p> <p><u>Risk:</u> A health & safety failure occurs.</p>	<p>People come to harm Complaints/claims/ litigation Financial losses Censure by audit / inspection Reputation damage Adverse effect on morale Stress and absenteeism</p>	Jane Eaton	 <p>Likelihood</p>	CRR.06.2 H&S Management Forum reviews corporate inspection strategy quarterly.	Robert Laban / Health & Safety Officer	 <p>Likelihood</p>	Risk assessments being undertaken, reviewed, and updated.
				CRR.06.3 Training programme includes annual refreshers on a rolling programme. All mandatory training must be completed as part of probation	Robert Laban		
				CRR.06.01 Risk assessments undertaken	Robert Laban / Health & Safety Officer		
				CRR.06.04 H&S Officer regularly reviews high risk areas	Robert Laban		
<p>CRR34</p> <p><u>Cause:</u> Uncertainty in the UK and World economy. Instability and high-profile failures.</p> <p><u>Risk:</u> Key contractor failure</p>	Financial	Dominic Bradley	 <p>Likelihood</p>	CRR.34.1 Regularly check accounts of key suppliers	Heads of Service	 <p>Likelihood</p>	<p>The impact of the world shortage of building supplies remains uncertain.</p> <p>Risk of inflation, interest rate rise, and recession are being monitored. Some suppliers are starting to come forward to increase prices outside of the contract, which is being resisted.</p> <p>Key contracts are reviewed as part of the ongoing contact management arrangements and officers have been reminded to check the financial health of key suppliers and be ready for Plan B.</p>
				CRR.34.2 Check public liability insurance of key suppliers	Heads of Service		
				CRR.34.3 Ask for key suppliers' business continuity plans	Heads of Service		
				CRR.34.4 Consider whether the failure of a key supplier needs to go in service business continuity plan	Heads of Service		

Risk Code & Description	Effect	Risk Owner	Current Risk Matrix	Control Action	Control Action Owner	Target Risk Matrix	Quarterly Update
<p>CRR37</p> <p>Source:</p> <p>Requirement to adopt an up-to-date Local Plan by end 2023 in accordance with government requirements</p> <p>Risk:</p> <p>Delay to plan preparation due to the requirement of the plan to demonstrate water neutrality, or as a result of significant / unexpected changes to government guidance.</p>	Economic damage to district as a result of limits to development which can take place	Barbara Childs	 <p>Likelihood</p>	<p>CRR.37.1 Joint working with partners to develop water neutrality mitigation strategy</p> <p>CRR.37.2 Keep watching brief on government messaging on planning reforms</p>	<p>Catherin e Howe</p> <p>Catherin e Howe</p>	 <p>Likelihood</p>	<p>A water mitigation strategy has been agreed (known as a Part C document) was agreed in November 2022. A water Neutrality project Manager is now in post and is developing the Sussex North Offsetting Water Neutrality Scheme (known as SNOWs). This work is ongoing. There are still significant resource implications to enable this scheme to become operational, but there is now sufficient evidence available to allow the Local Plan to progress to the Regulation 19 stage of consultation.</p>