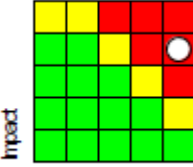



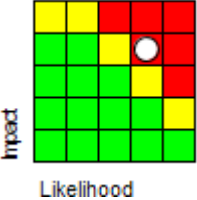
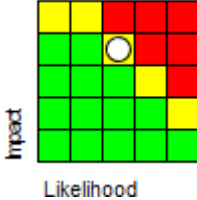


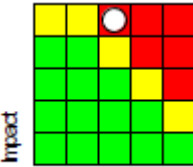
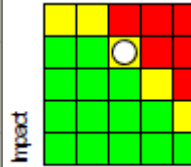
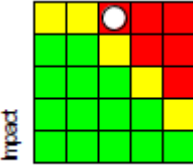
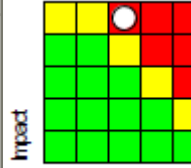
Appendix 1 Corporate Risk Report September 2023

Risks ordered by RAG not numerically

Generated on: 1 September 2023

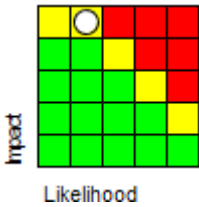
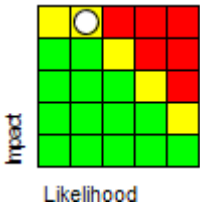
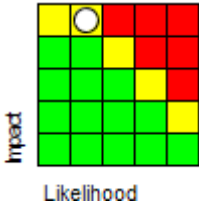
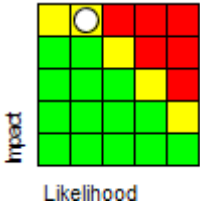
Risk Code & Description	Effect	Risk Owner	Current Risk Matrix	Control Action	Control Action Owner	Target Risk Matrix	Quarterly Update
<p>CRR17</p> <p><u>Cause:</u> The External Auditors audit the HDC Benefits Grant Subsidy return to the Department for Work and Pensions (DWP) on an annual basis to identify 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>	<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.</p>	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 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 and 2023/24 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 2023/24 is that errors and extrapolations identified in the audit increase the loss of subsidy further. The forecast LA error for the year at M4 is for a pre-audit figure between the lower and upper thresholds, which would result in a further loss of subsidy.</p>
				<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.</p>	Beccy Salmon		
<p>CRR01b</p> <p>Financial</p> <p><u>Cause:</u> The Council is reliant on Central Controlled Government</p>	Reductions in funding	Dominic Bradley	 <p>Likelihood</p>	<p>CRR.01b.1 Continue to keep a watching brief</p> <p>CRR.01b.2 Revisit the MTFS and if necessary 2023/24</p>	<p>Samantha Wilson</p> <p>Samantha Wilson</p>	 <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</p>

Risk Code & Description	Effect	Risk Owner	Current Risk Matrix	Control Action	Control Action Owner	Target Risk Matrix	Quarterly Update
<p>funding (e.g. Business Rates). Risk: (ii) Funding from Government is less generous than assumed in the MTFS from 2025</p>	<p>Adverse effect on morale</p> <p>Financial</p> <p>Failure to achieve agreed objectives</p>			<p>budget in year.</p> <p>CRR.01b.3 Evaluate and discuss with Members possible future actions to mitigate loss of income. e.g. Corporate Restructure, cuts to non-statutory services, investment and infrastructure projects that generate income.</p>	Dominic Bradley		<p>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 the budget and mitigated the cost pressures from inflation and salaries. However, a £2m to £3m budget deficit is forecast at the end of the MTFS, if we implement food waste in Autumn 2025 and / or spend our reserves without achieving a revenue return. The gap will only get larger if the funding cuts are sharper than anticipated.</p>
<p>CRR38 - Cause: 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. Risk: 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.</p>	<p>Adverse effect on morale</p> <p>Financial</p> <p>Failure to achieve agreed business objectives</p> <p>Compliance with regulations</p> <p>Complaints / claims / litigation</p> <p>Stress and absenteeism</p>	Jane Eaton		<p>CRR.38.1 workforce planning, training, and development, growing your own, leadership and management programmes, apprenticeships, coaching, supporting skills and qualifications.</p> <p>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.</p> <p>CRR.38.3 Regular staff survey to be undertaken and action plans progressed</p> <p>CRR.38.4 Review options for alternative solutions, e.g., investigating Horsham weighting allowance, increasing efficiencies in process and transformation through automation.</p>	Robert Laban		<p>Recruitment and retention in key services such as Legal, Building Control, Planning and Technology Services has resulted in locums and vacancies, resulting in delays in delivering workloads.</p> <p>Some service priorities are not being delivered as quickly as the Council would like. Capacity issues slow down delivery of the capital programme.</p>

Risk Code & Description	Effect	Risk Owner	Current Risk Matrix	Control Action	Control Action Owner	Target Risk Matrix	Quarterly Update
<p>CRR18 Technological <u>Cause:</u> 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		<p>CRR.18.1 Staff and Member Training</p> <p>CRR.18.2 Awareness of current threats</p> <p>CRR.18.3 An effective ICT Service delivery team</p> <p>CRR.18.4 Effective patching and updates to mitigate known vulnerabilities</p> <p>CRR.18.5 Compliance with expected security standards. (PSN, PCI-DSS)</p> <p>CRR.18.6 Effective policies in place which outline security requirements for users of ICT</p> <p>CRR.18.7 Effective back-up and recovery processes in place for Council ICT systems.</p> <p>CRR.18.8 Transferring the risks to the cloud provider</p> <p>CRR.18.9 Plan developed, approved internally, and being carried out.</p>	<p>Claire Ward / Robert Laban</p> <p>Andrea Curson</p> <p>Andrea Curson</p> <p>Andrea Curson</p> <p>Andrea Curson</p> <p>Andrea Curson</p> <p>Andrea Curson</p> <p>Andrea Curson</p> <p>Andrea Curson</p>		<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>
<p>CRR19 <u>Cause:</u> 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</p>	<p>Financial Service Delivery Compliance with Regulations</p>	Dominic Bradley		<p>CRR.19.2 Monitor the external environment</p> <p>CRR.19.3 Monitor internal indicators, particularly costs from inflation, income generation and respond appropriately to adverse trends</p>	<p>Samantha Wilson</p> <p>Samantha Wilson</p>		<p>The 2022/23 operational outturn was a £0.26m surplus for the year after carry-forwards.</p> <p>Rising inflation rates have increased cost pressures in utility and maintenance costs, HVO fuel and vehicle parts as well as increased staffing costs and increased housing demands. Lower levels of income are being felt in investment property rents as well as planning and building control as</p>

Risk Code & Description	Effect	Risk Owner	Current Risk Matrix	Control Action	Control Action Owner	Target Risk Matrix	Quarterly Update
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 planning fees; reduced car parking income; property income and Government funding. Increased costs from higher levels of homelessness and housing benefit claims.							water neutrality restricts development. Pressure is also building on homelessness and benefits cases. These cost pressures are currently being offset by additional income from our investment activities. Spending our reserves for social and wellbeing gain, without achieving a revenue return will increase the pressure over the medium term. Budget shortfalls of around £1.5m a year are forecast should we introduce a 1,2,3 food waste collection.
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 Wilson Samantha 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	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. Two minor information breaches have occurred to the Council's third parties in 2023/24, which are being managed by the

Risk Code & Description	Effect	Risk Owner	Current Risk Matrix	Control Action	Control Action Owner	Target Risk Matrix	Quarterly Update
	Reputation damage						third parties.
<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 warnings, reprimands and enforcement notices for non-compliance by the ICO under the UK GDPR. Also, risk of significant fines in the most serious cases.</p>	<p>People and businesses come to harm and suffer loss that might not otherwise have occurred Complaints / litigation Resources consumed in defending claims Financial losses Fines from regulators Adverse publicity Reputation damage</p>	Dominic Bradley		CRR.02.1 Develop appropriate processes & procedures which underpin the IT Security Policy	Andrea Curson / Lauren Kelly		<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 minor personal data breaches and the risk of major ones, a Personal Data Breach Awareness presentation was delivered through Teams' meetings during Summer 2022 and refresher sessions continue annually. Member training was completed in Summer 2022 and updated during the election induction.</p>
				CRR.02.3 Provide a programme of Induction and at least annual training on Information Security to all staff.	Robert Laban		
				CRR.02.4 Annual PSN Accreditation	Andrea Curson		
				CRR.02.5 Representatives from each department meet to maintain compliance, updates and training	Lauren Kelly		
<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</p>	<p>People and businesses come to harm and suffer loss that might not otherwise have occurred Complaints / claims / litigation Resources consumed in defending</p>	Dominic Bradley		CRR.03.1 Update corporate business continuity plan and regular review.	Robert Laban		<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 were updated in 2022/23. 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,</p>
				CRR.03.2 Update departmental business continuity plans and regular review.	Robert Laban		
				CRR.03.5 Bitesize workshops to address new procedures and processes.	Robert Laban		

Risk Code & Description	Effect	Risk Owner	Current Risk Matrix	Control Action	Control Action Owner	Target Risk Matrix	Quarterly Update
the Act in the event of a civil emergency.	claims Financial losses Censure by regulators Reputation damaged						BC, Recovery, Rest Centre ops. Review of incidents for lessons learnt.
<p>CRR06 Physical Cause: 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>Risk: 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		CRR.06.2 H&S Management Forum reviews corporate inspection strategy quarterly.	Robert Laban / Health & Safety Officer		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 Cause: Uncertainty in the UK and World economy. Instability and high-profile failures. Risk: Key contractor failure</p>	Financial	Dominic Bradley		CRR.34.1 Regularly check accounts of key suppliers	Heads of Service		<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: Requirement to adopt an up-to-date Local Plan by end 2023 in accordance with government requirements</p> <p>Risk: 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>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>	Catherine Howe		<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>