

Appendix 1

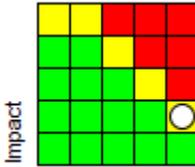
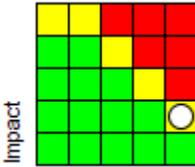
Corporate Risk Report December 2016

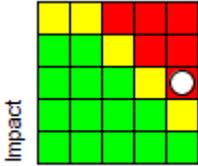
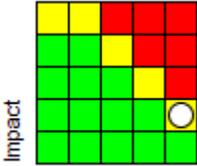
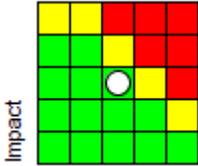
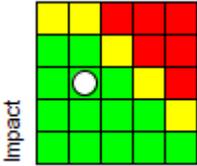
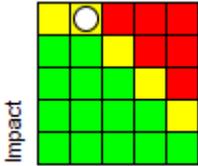
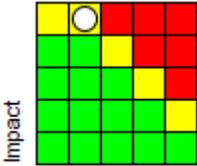
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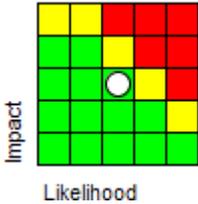
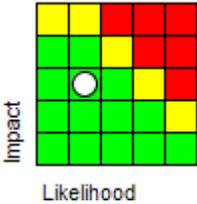


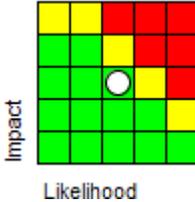
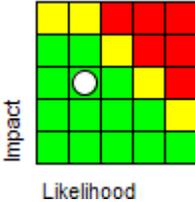
Status Icons:

-  = Completed
-  = Assigned & in progress
-  = Overdue

Risk Code & Description	Consequences	Risk Owner	Current Risk Matrix	Control Action	Control Action Owner	Status	Target Risk Matrix	Quarterly Update
CRR01a Financial <u>Source:</u> The Council is reliant on Central Controlled Government funding (eg. Business Rates). <u>Event:</u> (i) Failure to achieve the required level of savings and income in the MTFS to 2019/20	<ul style="list-style-type: none"> . Reductions in funding . Adverse effect on morale . Financial . Failure to achieve agreed objectives 	Jane Eaton		CRR.01.1 Review current budgets in preparation for the 2017/18 budget (October Annually)	Dominic Bradley			<p><u>December 2016 Update:</u></p> <p>An updated MTFS was reported to Cabinet on 24 November 2016. This updated the assumptions used. The 2017/18 budget process is well underway to firm up some of the proposed ideas to plug the budget gaps, the outcome of which should result in the 2017/18 budget being balanced and the deficits for future years reducing. The Council's acceptance of the 2015/16 four year settlement during 2016 has helped to provide a degree of certainty for the next three years, in as much as the Revenue Support Grant and the baseline Business Rates funding reduction from £2.2m in 2017/18 to £1.4m in 2019/20 won't get any worse during this period.</p> <p>The December Settlement will also feed into the January budget where a revised MTFS will also be presented.</p>
				CRR.01.2 Develop options to deal with pressure for consideration by Members	Dominic Bradley			
				CRR.01.3 Implement the Medium Term Plan	Dominic Bradley			
				CRR.01.4 Ongoing monitoring under the Service Efficiency Board (Future Horsham)	Dominic Bradley			
				CRR.01.5 Commissioning reviews being undertaken, each of which will provide recommendations (programme of reviews to be completed by 31/03/19)	Mark Pritchard			

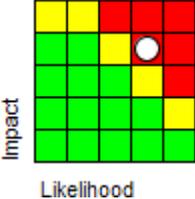
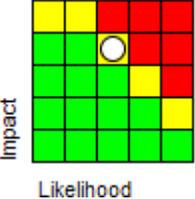
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<p>CRR01b Financial Source: The Council is reliant on Central Controlled Government funding (eg. Business Rates).</p> <p>Event: (ii) Funding from Government is less generous than assumed in the MTFS from 2020.</p>	<ul style="list-style-type: none"> . Reductions in funding . Adverse effect on morale . Financial . Failure to achieve agreed objectives 		 <p>Likelihood</p>				 <p>Likelihood</p>	<p>December 2016 Update: See notes from CRR01a</p>
<p>CRR02 Managerial / Professional Source: The Council has a legal obligation to protect personal data. The Information Commissioner has the power to levy significant financial penalties up to £500k for data breaches. Some information held by the Council is politically / commercially sensitive, and it is important that such information is not leaked. Event: Major data breach or leak of sensitive information to a third party.</p>	<ul style="list-style-type: none"> . People and businesses come to harm and suffer loss that might not otherwise have occurred . Complaints / claims / litigation . Resources consumed in defending claims . Financial losses . Censure by regulators . Adverse publicity . Reputation damage 	Jane Eaton	 <p>Likelihood</p>	<p>CRR.02.1 Develop appropriate processes & procedures which underpin the IT Security Policy</p> <p>CRR.02.2 Provide a programme of training on Information Security to all staff.</p> <p>CRR.02.3 Annual PSN Accreditation</p>	Paul Cummins Paul Cummins Dave Briggs	▶ ▶ ▶	 <p>Likelihood</p>	<p>December 2016 Update: A Data Protection e-learning module has now been written which will be formally launched in January 2017.</p>
<p>CRR03 Legal Source: 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</p>	<ul style="list-style-type: none"> . People and businesses come to harm and suffer loss that might not otherwise have occurred . Complaints / claims / litigation . Resources consumed in defending claims . Financial losses . Censure by regulators . Reputation damaged 	Natalie Brahma-Pearl	 <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>	Trevor Beadle Trevor Beadle	▶ ▶	 <p>Likelihood</p>	<p>December 2016 Update: All departmental business continuity plans have been audited. These will be updated and amended over the coming months and the information contained within will inform the review of the corporate plan and the business impact analysis (BIA). The BIA will be used by IT services to inform the Council's Disaster Recovery Plan for HDC.</p>

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emergencies, and for advising local businesses. <u>Event:</u> The Council is found to have failed to fulfil its obligations under the Act in the event of a civil contingency.								
CRR05 Governance <u>Source:</u> Managers are responsible for ensuring that controls to mitigate risks are consistently applied. <u>Event:</u> Officers are either unaware of expected controls or do not comply with control procedures.	<ul style="list-style-type: none"> . Failure of business objectives . Health & Safety . Financial . Service Delivery . Compliance with Regulations . Personal Privacy Infringement . Reputation damage 	Jane Eaton		CRR.05.1 Officer training	Jane Eaton			<u>December 2016 Update:</u> Training has been planned for Democratic Services to provide support to Members.
				CRR.05.2 Raise the profile of risk and control by incorporating them into the performance management framework (e.g. integrate into appraisal process).	Jane Eaton			
				CRR.05.3 All Service Managers required to sign an Assurance Statement. (By 30th June Annually).	Jane Eaton			
CRR06 Physical <u>Source:</u> The Council is responsible for the health & safety of its clients, staff and other stakeholders, owns and	<ul style="list-style-type: none"> . People come to harm . Complaints/claims/litigation . Financial losses 			CRR.06.1 Set up a Health & Safety Forum with clear terms of reference (by 30/11/15).	Robert Laban		<u>December 2016 Update:</u> CRR.06.2 - Corporate H&S Adviser continues to inspect HDC premises. Premises Coordinators have been nominated and briefed and premises inspection format is currently being agreed with Property & Facilities Manager. Line / team manager self-audits being progressed, but still in development. CRR.06.3 - H&S generic responsibilities have been set out in the Corporate H&S Policy; specific responsibilities are set out in H&S subject policies, which are approximately 70% complete; directorate H&S Working Groups are responsible for	
				CRR.06.2 Develop and implement a corporate inspection strategy (By 30/06/16).	Robert Laban / Health & Safety Officer			
				CRR.06.3 Clarity of responsibilities and implementation of a training programme	Robert Laban			
				CRR.06.4 Implement a central repository for risk assessments (by 30/06/16).	Robert Laban / Health & Safety Officer			

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								<p>implementing these policies as required, for their areas.</p> <p>E-learning courses for H&S key topics have been written and are accessible via LEON; a corporate e-learning strategy/ promotion will make this more prominent. A H&S Training matrix has been drafted and will be introduced as part of a new corporate competencies framework from April 2017.</p> <p>06.04 - The introduction of a central repository for risk assessments has not progressed due to lack of technical infrastructure; current requirements are as stated in the risk assessment policy. It is anticipated that the introduction of Office 365 in 2017 will provide a solution.</p>
<p>CRR07 Managerial / Professional <u>Source:</u> There is a lack of corporate consistency in terms of the way in which contracts are managed, and contract management is inadequate in some areas.</p> <p><u>Event:</u> Failure of contract / poor service delivery / failure to achieve value for money.</p>	<ul style="list-style-type: none"> . Failure of business objectives . Financial . Service delivery . Compliance with regulations . Personal Privacy Infringement . Reputation damage 	Jane Eaton		CRR.07.1 Specific contract management guidelines will be developed. (By 31/01/17).	Mark Pritchard			<p><u>December 2016 Update:</u></p> <p>The guidelines and training programme is currently under development and will be completed by the end of January.</p>
				CRR.07.2 A contract management training programme will be designed and implemented. (By 31/01/17).	Mark Pritchard			

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<p>CRR08 Governance Source: The Council's decision-making processes are based on a Constitution that is overly bureaucratic and unnecessarily complicated</p> <p>Event: Non-compliance with the Constitution and delays in decision-making</p>	<ul style="list-style-type: none"> Opportunities lost Complaints / claims / litigation Financial losses Lack of openness and transparency 	Paul Cummins		CRR.08.1 The Council's Constitution will be updated using the 2011 template. (By December 2016).	Paul Cummins			<p>December 2016 Update:</p> <p>The revised Constitution was approved by Full Council on 7th December. This risk is now mitigated and will be removed from the Corporate Risk Register.</p>
<p>CRR09 Governance Source: The Council's decision-making relies upon the taking of professional advice from officers or external consultants</p> <p>Event: Advice is not taken.</p>	<ul style="list-style-type: none"> Poor/ultra vires decisions Complaints/claims/litigation Financial losses Reputation damage 	Tom Crowley		CRR.09.1 Member training (ongoing)	Paul Cummins			<p>December 2016 Update:</p> <p>Further training is going to be undertaken over the next quarter.</p>
				CRR.09.2 Officer training (ongoing)	Paul Cummins			
				CRR.09.3 Member briefings to improve communications	Paul Cummins			
<p>CRR12 Partnership / Supplier / Contractual Source: The Council is subject to EU procurement rules and regulations, is putting more services out to tender, and contractors are increasingly challenging contract awards.</p> <p>Event: A contractor successfully challenges an award (eg on inflexible price:quality ratios).</p>	<ul style="list-style-type: none"> Financial losses Censure by audit / inspection Reputation damage Adverse effect on morale 	Jane Eaton		CRR.12.1 Staff training	Mark Pritchard / Roger Dennis			<p>December 2016 Update:</p> <p>Updates awaiting a decision on the new Constitution.</p>
				CRR.12.2 Up-to-date procedures (by 31/7/17).	Mark Pritchard / Roger Dennis			
				CRR.12.3 Reference to Procurement Team for advice (ongoing)	Mark Pritchard / Roger Dennis			
				CRR.12.4 Proactive monitoring by the Procurement Team (ongoing)	Mark Pritchard / Roger Dennis			

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CRR13 Governance <u>Source:</u> Decisions are not always based on data. <u>Event:</u> Wrong decision made.	. Missed opportunities . Poor decisions . Poor VFM . Increased costs / financial losses	Tom Crowley		CRR.13.1 Robust evaluation of business cases to inform decisions (ongoing)	SLT	▶		<u>December 2016 Update:</u> Since the appointment of a Performance Analyst, there has been a significant improvement in this area. Specific external expertise was used to provide supporting data for the alternate bin collection business case. This risk has now been mitigated and will be removed from the "live" register.
				CRR.13.2 Ensure that decisions are properly documented (Ongoing)	SLT	▶		
CRR14 Customer/Citizen <u>Source:</u> The negotiation of Section 106 and CIL (Community Infrastructure Levy) are essential for ensuring necessary level of infrastructure provision for residents. <u>Event:</u> Failure to deliver the infrastructure needs of the District.	Reduced funding to deliver outcomes for the community	Chris Lyons		CRR.14.1 Ensure that leisure priorities are understood within the CIL schedule process and keep under review	Trevor Beadle	▶		<u>December 2016 Update:</u> The Draft Charging Schedule and Proposed Modifications - submitted for examination on 18 November 2016. The Proposed Modifications were also published on 18 November for consultation. Comments invited until 19 December. All comments received will be submitted to the Examiner. Revised CIL Preparation Timetable: Examination (Inspector appointed – Geoff Salter) – November 2016 - January 2017 Examiner’s Report - February 2017 Adoption – April 2017 CIL in place & Governance Procedures Working Group – Summer 2017 Anticipated CIL income stream from spring/summer 2018
				CRR.14.2 Identify the impact of funding erosion with competing partners e.g. WSCC	Barbara Childs	▶		
				CRR.14.3 Update the Planning Obligations SPD (Supplementary Planning Document) and CIL charging schedule.	Barbara Childs	▶		

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<p>CRR17 <u>Source:</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. Targeted sample testing is undertaken to ensure that housing benefit claims have been correctly administered, and extended sample testing is carried out should errors be identified. The amount of the error is then extrapolated across the entire population (for that particular cell) to produce an estimate of the total error amount. Where errors are identified, the Subsidy Claim may be qualified, and financial penalties may occur. It is important to note that the Administration of Housing Benefit is undertaken by the CenSus Partnership and Benefits staff are employed by Mid-Sussex.</p> <p><u>Event:</u> Errors may be made which are not identified by quality control checking. This may result in the Benefit Subsidy claim being qualified and/or financial losses.</p>	Financial Service Delivery Compliance with regulations Reputation	Jane Eaton		CRR.17.1 Increase / improve the level of quality control checking.	Tim Delany			<p><u>December 2016 Update:</u> This area is currently under review.</p>
			CRR.17.2 Continued implementation of the Census Quality Plan which came out of the 2013/14 audit.	Tim Delany				
			CRR.17.3 A reassessment of all "Working Age In Work" cases will be undertaken by the end of May 2017.	Tim Delany				

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<p>CRR 18 Technological <u>Source:</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>Event 1:</u> A malicious attacker exploits a known or unknown security weakness to penetrate the Council's ICT systems.</p> <p><u>Event 2:</u> An internal attack on ICT systems by a disgruntled employee or other trusted user.</p>	<ul style="list-style-type: none"> . Loss of key systems resulting in disruption to Council services. . Cost of investigation and recovery of systems. . Fraud/theft. . Loss of the integrity of Council Records. . Exposure of sensitive/personal data resulting in penalties from the ICO. . Reputational or political damage from adverse media coverage. 	Jane Eaton		CRR.18.1 Staff Training	Claire Oliver / Robert Laban			<p><u>December 2016 Update:</u></p> <p>PSN accreditation has been achieved for 2016/17, and training is ongoing.</p> <p>ICT officers are aware of most of the latest threats but there is a need to cover the ICT security officer position following the recent retirement of the previous post holder (the preferred option is a managed service which is currently being pursued).</p> <p>Most patches are undertaken automatically but a few are manual. Again, a managed service is currently being explored which will assist.</p> <p>CRR.18.6 is currently being reviewed by Legal & Democratic Services.</p> <p>CRR.18.7 We have recovery documentation in place and can recover systems as required.</p>
				CRR.18.2 Awareness of current threats	Claire Oliver			
				CRR.18.3 An effective ICT Service delivery team	Claire Oliver			
				CRR.18.4 Effective patching and updates to mitigate known vulnerabilities	Claire Oliver			
				CRR.18.5 Compliance with expected security standards. (PSN, PCI-DSS)	Claire Oliver			
				CRR.18.6 Effective policies in place which outline security requirements for users of ICT	Paul Cummins			
				CRR.18.7 Effective back-up and recovery processes in place for Council ICT systems	Claire Oliver			

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<p>CRR19</p> <p><u>Source:</u> The Brexit vote has caused some uncertainty in the UK economy. The Government has spoken about an additional 5% reduction in local government funding, and in years to come, there may be a further deterioration in the local government pension fund. There is a risk that EU Law will not be complied with during the interim period..</p> <p><u>Event:</u> The impact on the financial markets and the pound could bring forward the next recession and cause a slowdown in the housing market. This may result in a reduction in planning fees; reduced car parking income; increased homelessness; and increased housing benefit claims.</p>	Financial Service Delivery Compliance with Regulations	Jane Eaton		CRR19.1 MTFS is being designed with £1m headroom being built in.	Jane Eaton			<p>December 2016 Update:</p> <p>The uncertain economic environment is being continually monitored.</p>
				CRR19.2 Monitor the external environment	SLT			
				CRR19.3 Monitor internal indicators, particularly income generation	SLT			
<p>CRR20</p> <p>Technological</p> <p><u>Source:</u> There is an inherent risk when significant financial systems change. Current contract for Financial Management System (FMS) expires on 31 March 2017.</p> <p><u>Event:</u> System that has not been adequately tested or is without the right level of functionality goes live. Lack of integration with other systems that requires significant systems re-</p>	<ul style="list-style-type: none"> • Incorrect data migration • Data inaccuracies • Inaccurate reporting and decision-making • Failure to achieve agree objectives and deliver statutory services • Poor VFM 	Jane Eaton		CRR.20.1 Monitor and control Joint tender process (with A&WDC) in line with procurement requirements.	Dominic Bradley			<p>December 2016:</p> <p>New Risk</p>
				CRR.20.2 Training and implementation for finance users. Parallel running of old and new system.	Dominic Bradley			
				CRR.20.3 Training and implementation for all Council users to enable access and self-service usage of new system.	Dominic Bradley			
				CRR.20.4 Project management and				

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processing.				sufficient testing time incorporated into plan.				
				CRR.20.5 Ensure procedure notes for new system and skills are maintained.	Dominic Bradley			