

# Audit Committee Agenda

Thursday, 14 March 2019 at 6.00 pm

Council Chamber, Muriel Matters House, Breeds Place, Hastings, TN34 3UY.  
Please enter the building via the Tourist Information Centre entrance.

For further information, please contact Coral Harding on 01424 451764 or email:  
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# Agenda Item 3 Document Pack

## AUDIT COMMITTEE

23 JANUARY 2019

Present: Councillors Rankin (Chair), Levane (Vice-Chair), Charman and Berelson

Apologies for absence were notes for Councillor Chowney

### 41. APOLOGIES FOR ABSENCE

Apologies were received from Councillor Chowney

### 42. DECLARATIONS OF INTEREST

None

### 43. MINUTES OF THE MEETING HELD ON 15 NOVEMBER 2018

**RESOLVED – (unanimously) that the minutes of the meeting held on 15 November 2018 be approved.**

### 44. TREASURY MANAGEMENT- MID YEAR REPORT 2018/9

The Assistant Director, Financial Services and Revenues presented a report that advises the Audit Committee of the Treasury Management activities and performance during the current year. It provides the opportunity to review the Treasury Management Strategy and make appropriate recommendations to Cabinet and Full Council to take account of any issues or concerns that have arisen since approving it in February 2018.

The Assistant Director, Financial Services & Revenues presented his report, he advised of an amendment to the report. The report should read that it's to Audit Committee and not CAP and Cabinet. The report should state that it is advising the Audit committee and not Cabinet.

Councillor's attention was drawn to report paragraphs 18 and 52.

Paragraph 18 dealt with the councils borrowing with Public Works Loan Board (PWLB). The PWLB is a statutory body that issues loans to local authorities and other specified bodies, from the National Loans Fund, operating within a policy framework set by HM Treasury. This borrowing is mainly for capital projects.

Paragraph 52 dealt with the Councils property fund. It was agreed in February 2017 that there could be an option for expanding investments into a property fund to the sum of £2million with the Churches, Charities and Local Authorities (CCLA). The CCLA manage investments for charities, religious organisations and the public sector. Currently there has been a good yield from this investment.

Issues were raised with the accessibility of the report. There is to be briefing sessions on Treasury Management on 30<sup>th</sup> January that will help Councillors understand better.

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There will also be a further 2 sessions during the next financial year. It was acknowledged that there are a lot of complex figures and calculations but that the Councillors weren't expected to be experts but rather give a lay perspective using common sense and ask advice from Officers as needed. The Audit Chair noted the comments about accessibility.

Councillor Charman proposed a motion to approve the report as set out in the resolution below, which was seconded by Councillor Levane.

**RESOLVED (unanimously) that the Audit Committee agree the Mid Year report.**

### Reasons for Recommendations

The Code of Practice on Treasury Management requires, as a minimum, a mid-year review of the Treasury Management Strategy and performance. This is intended to highlight any areas of concern that have arisen since the original strategy was approved (February 2018). It is a requirement of the Code of Practice that the Mid-year review is considered by Audit Committee.

The Council has increased its levels of income generation and this entails new borrowing over potentially long periods, with consequent risks in terms of asset valuations, credit worthiness, cash and reserve fund availability. Such risks cannot be considered in isolation of all the issues facing the Council now and potentially in the future.

### **45. TREASURY MANAGEMENT, ANNUAL INVESTMENT STRATEGY AND CAPITAL STRATEGY 2019/20**

The Assistant Director, Financial Services and Revenues presented a report that asks the Audit Committee to consider the draft Treasury Management Strategy, Annual Investment Strategy, Minimum Revenue Provision (MRP) Policy and Capital Strategy and make recommendations to Cabinet and Full Council as appropriate. He advised this is to ensure that there is an effective framework for the management of the Council's investments, cash flows and borrowing activities prior to the start of the new financial year.

The Council has some £46.7 million of debt (as at 1 January 2019), and investments which can fluctuate between £15m and £30m in the year. The level of debt is set to increase to some £78m by 2020/21.

There is a statutory requirement to determine, by Full Council, the Treasury Management Strategy Statement, Minimum Revenue Provision (MRP) Policy, Capital Strategy and Annual Investment Strategy prior to the start of the new financial year.

The report was set out in accordance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management.

The Council is required to operate a balanced budget. Treasury management ensures that cash flow is adequately planned with cash being available when needed. Council's capital plans provide a guide to its borrowing needs. Management of investments, borrowing and cash flow remains crucial.

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The Chief Finance Officer advised that the Capital Strategy was a new requirement for 2019/20, and would be developed further through 2019/20 as the Councils Capital planning over the medium term (up to 20 years) is brought forward.

The report makes a number of recommendations which the Assistant Director, Financial Services and Revenues went through. These included recommending not increasing borrowing levels for 2019/20 until spending plans were determined and investing a further £3million with the CCLA. Decisions about the Councils future financial plans would need to go to Full Council for agreement should borrowing levels require amendment.

The Councillors asked questions about borrowing. The working arrangements with the PLWB. It was discussed how the PLWB interest rates could vary and given that base rates may increase in autumn. It was important that income streams were secure as some loans will be paid back over the course of 50 years.

Councillors asked questions about reserves. There was a minimum level of reserves set at £6m for 2018/19. The minimum level for 2019/20 would maintain at the same levels. It was increased in 2018/19 due to commercial property acquisition. Currently the commercial property has been doing well as the number of tenants in those properties has been maintained. There is currently £8million in earmarked reserves but this is restricted for funds such S106s and the Disabled Facilities Grant. The Councillors asked if there was data showing the difference between non-restricted reserves and restricted reserves. Currently there isn't one as legally there isn't a division between the two types of reserves.

Councillors raised points about the accessibility of the reports again. The Assistant Director, Financial Services and Revenues responded that there will be more training and briefing sessions for Councillors. Further Guidance from CIPFA was being awaited.

Councillor Charman proposed a motion to approve the report as set out in the resolution below, which was seconded by Councillor Berelson.

**RESOLVED (unanimously) that the Audit Committee recommends to Cabinet and full Council that:**

- 1. The Council approve the Treasury Management Strategy, Minimum Revenue Provision (MRP) Policy, Annual Investment Strategy, and the Capital Strategy.**
- 2. That the strategies be updated as necessary in 2019/20 in the light changing and emerging risks, the Council's evolving future expenditure plans, along with further expected guidance on the Codes of Practice and government regulations.**
- 3. That the Financial rules and the Financial Operating Procedures of the Council are reviewed and revised (as necessary) to meet the new requirements of the Code.**

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### **4. That the Investment Policy includes the use of CCLA's Diversified Income Fund with a limit of up to £3m being invested within it (£5m in total with CCLA)**

#### Reasons for Recommendations

The Council seeks to minimise the costs of borrowing and maximise investment income whilst ensuring the security of its investments. The Council continues to make substantial investments in commercial property, housing and energy generation initiatives, and this will continue to involve the Council in taking on additional borrowing.

The sums involved are significant and the assumptions made play an important part in determining the annual budget. The CIPFA Code of Practice (2017 Edition), adopted by the Council last year, was released to take account of the more commercialised approach being adopted by councils and the enhanced levels of transparency required. The Code represents best practice and helps ensure compliance with statutory requirements.

The Council has the ability to diversify its investments and must consider carefully the level of risk against reward against a background still of historically low interest rates. Investments can help to close the gap in the budget in the years ahead and thus help to preserve services, assist in the regeneration of the town, provide additional housing and enhance the long term sustainability of the town.

### **46. CHIEF AUDITORS SUMMARY AUDIT AND RISK REPORT**

The Chief Auditor presented a report to inform the Audit Committee of the key findings from the Credit Card audit.

Procurement patterns had changed and some purchases could not be done through BACS but only through a credit card payment. The council currently has 11 credit cards which have a relatively small spending limit on each. There is a need for more detailed records for each credit card transaction as some were lacking the detail required and so potentially conceal whether or not the purchase was for valid business purposes.

Overall the quality of the Audit assessment was good. Most controls were in place and working effectively although some improvements could be made. There could be better policy guidance for the use of credit cards.

Councillors asked for feedback from a previous highlighted issue cash and card expenditure for helping with the resettlement of Syrian refugees in the borough. Previously there had been greater cash expenditure than expected. Analysis and interviews were conducted and the majority of transactions were now done through credit card. Cash was only being used for subsistence items.

Councillor Levane proposed a motion to approve the report as set out in the resolution below, which was seconded by Councillor Charman.

**RESOLVED (unanimously) that the Audit Committee accepts the report.**

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### Reasons for Recommendations

To monitor levels of control within the organisation.

#### 47. NOTIFICATION OF ANY ADDITIONAL URGENT ITEMS (IF ANY)

- **S106 Spreadsheets**- Cllr Charman used this item to raise about the S106 spreadsheets. Councillors have been after data about S106s for a number of months. The spreadsheets were being updated and would be available to Councillors soon. A draft report has been prepared but there were still questions over 2 amounts that were being investigated and are expected to be resolved soon. There had been a delay due to staff sickness, budget preparations and other work priorities. Moving forward there would be regular meetings between relevant officers to keep this data up to date. The S106 data will be looked at to see if the funds can be used to help with fixing issues within the borough - subject to the restrictions on the funds.

(The Chair declared the meeting closed at. 7.00 pm)

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# Agenda Item 4



**Report to:** Audit Committee

**Date of Meeting:** 14 March 2019

**Report Title:** External Audit Plan - Year ending 31 March 2019

**Report By:** Tom Davies  
Chief Auditor

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## **Purpose of Report**

To inform members of Grant Thornton's audit plan for the audit of the Council's accounts and Value for Money arrangements. The attached report from Grant Thornton highlights the risk based approach to the audit and the main risks they have identified. It also shows the proposed audit fees.

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## **Recommendation(s)**

**1. To accept the External Auditor's Audit Plan.**

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## **Reasons for Recommendations**

The Audit Committee, as required by the Constitution, receives and notes the External Auditor's Audit Plan on behalf of the Council.

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## Introduction

1. This plan summarises the proposed audit work for the year for Hastings Borough Council. It highlights the significant risks that impact on the audit and details the planned work in response to those risks. It also provides a timetable for key outputs of the work undertaken.
2. The plan shows the proposed audit fees.
3. The plan is attached at Appendix A of this report.

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## Wards Affected

None

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## Policy Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	No
Crime and Fear of Crime (Section 17)	No
Risk Management	Yes
Environmental Issues	No
Economic/Financial Implications	Yes
Human Rights Act	No
Organisational Consequences	No
Local People's Views	No
Anti-Poverty	No

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## Additional Information

Appendix A - External Audit Plan - Year ended 31 March 2019

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## Officer to Contact

Officer Name: Tom Davies  
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Telephone: 01424 451524

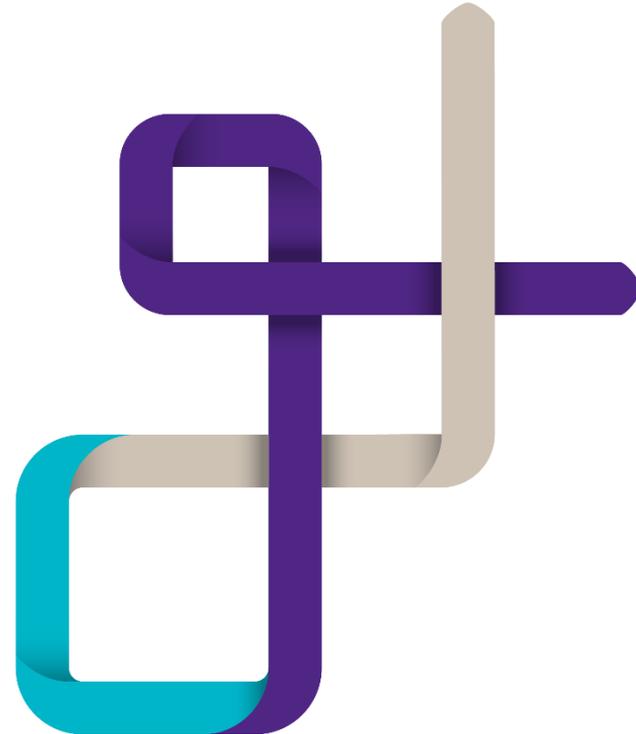
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# External Audit Plan

*Year ending 31 March 2019*

**DRAFT**

This version of the report is a draft. Its contents and subject matter remain under review and its contents may change and be expanded as part of the finalisation of the report. This draft has been created from the template dated DD MMM YYYY





Your key Grant Thornton  
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## Section

1. Introduction & headlines
2. Key matters impacting our audit
3. Significant risks identified
4. Other risks identified
5. Other matters
6. Materiality
8. Value for Money arrangements
9. Audit logistics, team & fees
10. Early Close
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## Appendices

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Introduction & headlines

## Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Hastings Borough Council ('the Authority') for those charged with governance.

## Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Hastings Borough Council. We draw your attention to both of these documents on the [PSAA website](#).

## Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the :

- Authority's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit committee); and
- Value for Money arrangements in place at the Authority for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Audit Committee of your responsibilities. It is the responsibility of the Authority to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Authority is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Authority's business and is risk based. We will be using our new audit methodology and tool, LEAP, for the 2018/19 audit. It will enable us to be more responsive to changes that may occur in your organisation.

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## Significant risks

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Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- The revenue cycle includes fraudulent transactions;
- Management Override of Controls;
- Valuation of Pension Fund Net Liability;
- Valuation of Property, Plant, and Equipment.

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

## Materiality

We have determined planning materiality to be £1,685k for the Authority, which equates to 2% of your prior year gross expenditure for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £84k.

## Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money have identified the following VFM significant risks:

- Medium term financial sustainability

## Audit logistics

Our interim visit has taken place in January and February, and our final visit will take place in June and July. Our key deliverables are this Audit Plan and our Audit Findings Report. Our audit approach is detailed in Appendix A.

Our fee for the audit will be £35,742 (PY: £46,418) for the Authority, subject to the Authority meeting our requirements set out on page 14.

## Independence

We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements..

# Key matters impacting our audit

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## Factors

### The wider economy and political uncertainty

Local Government funding continues to be stretched with increasing cost pressures and demand from residents. For Hastings Borough Council, in 2016/17 and 2017/18 years the Council had deficit financial results on its provision of services. At 31 March 2018 the usable reserves stood at £21.7m, a level which is considered by the Council to be sufficient to ensure the ongoing sustainability of the organisation. You are responding to funding challenges in a variety of ways, through identifying efficiencies & new sources of funding, working with partners, and engaging in service redesign.

The Council set a budget for a £1.7m deficit for the 2018/19 year, and the Medium Term Financial Strategy sets out expectations of funding gaps of between £2-3m for each of the subsequent 3 years before use of reserves. There are savings and income generation plans in place which will mitigate some of the impact, but the expected results will entail significant use of the Council's current usable reserves which will be difficult to replenish.

### Changes to the CIPFA 2018/19 Accounting Code

The most significant changes relate to the adoption of:

- IFRS 9 Financial Instruments which impacts on the classification and measurement of financial assets and introduces a new impairment model.
- IFRS 15 Revenue from Contracts with Customers which introduces a five step approach to revenue recognition.

We will discuss the expected impact of these new standards on the 2018/19 financial statements with your finance team and obtain written support as to managements considerations in any judgemental accounting treatments.

### Brexit

You face the challenge of delivering services during significant political uncertainty on a national scale. With the UK due to leave the European Union on 29 March 2019, there will be national and local implications resulting from Brexit that will impact on you, which you will need to plan for.

You have carried out some risk assessment of the specific impacts on the Council, local population and economy. The Council will need to review its arrangements and plans to mitigate risks arising from Brexit, including risks in areas such as workforce planning and supply chain analysis, as well as considering the impact on your finances, including investment and borrowing and any potential impact on the valuation of your assets.

## Our response

- We will consider your arrangements for managing and reporting your financial resources as part of our work in reaching our Value for Money conclusion.
- We will consider whether your financial position leads to material uncertainty about the going concern of the Authority and will review related disclosures in the financial statements.
- As this is our first year as your new auditor we expect to carry out more extensive procedures to understand the methods and assumptions that underly your Medium Term Financial Strategy and to understand how the Authority assures itself that the usable reserves are sufficient to secure services going forward.
- We will keep you informed of changes to the financial reporting requirements for 2018/19 through on-going discussions and invitations to our technical update workshops.
- As part of our opinion on your financial statements, we will consider whether your financial statements reflect the financial reporting changes in the 2018/19 CIPFA Code.
- We identified an audit risk relating to the data migration from the previous Agresso enterprise resource planning (ERP) system to the new system Unit 4 Business World On – refer to page 8.
- We identified an audit risk relating to the potential preparation of group accounts. A wholly owned subsidiary Hastings Housing Company Ltd. has so far been considered by management to be immaterial to the authority accounts. This subsidiary is likely to be material to the authority accounts in 2018/19. We will understand management's own considerations and judgements around the consolidation decision, and if they consider consolidation to be necessary to the material correctness of the authority accounts. We will further consider what audit procedures we will need to carry out to obtain assurance that subsidiary balances and transactions are materially correct – refer to page 8.

# Significant risks identified

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Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
<p><b>The revenue cycle includes fraudulent transactions</b></p>	<p>We have considered the rebuttable presumed risk under ISA (UK) 240 that revenue may be misstated due to the improper recognition of revenue.</p> <p>We have rebutted this presumed risk for revenue streams that are derived from Council Tax, Business Rates and Grants on the basis that they are income streams primarily derived from grants or formula based income from central government and tax payers and that opportunities to manipulate the recognition of these income streams is very limited.</p> <p>We have not deemed it appropriate to rebut this presumed risk for fees, charges and other service income as we do not have cumulative audit testing knowledge of these revenues being your new auditor, and the adoption of IFRS15 Revenue from Contracts with Customers could materially affect recognition of this income.</p> <p>We have therefore identified the occurrence and accuracy of these income streams and the existence of associated receivable balances as a significant risk of material misstatement.</p>	<p>For all material income streams where we have not rebutted the presumed risk of revenue recognition we will:</p> <ul style="list-style-type: none"> <li>• evaluate your accounting policy for recognition of income for appropriateness and compliance with LG Code of Practice</li> <li>• update our understanding of your system for accounting for income and evaluate the design of the associated controls</li> <li>• review and sample test income to supporting evidence</li> <li>• evaluate and challenge significant estimates and the judgments made by management</li> </ul>
<p><b>Management over-ride of controls</b></p>	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Authority faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• evaluate the design effectiveness of management controls over journals</li> <li>• analyse the journals listing and determine the criteria for selecting high risk unusual journals</li> <li>• test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration</li> <li>• gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence</li> <li>• evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions</li> </ul>

# Significant risks identified

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Risk	Reason for risk identification	Key aspects of our proposed response to the risk
<b>Valuation of land, buildings and heritage assets</b>	<p><b>Land and Buildings</b></p> <p>The Authority revalues its land and buildings on a five-yearly rolling basis to ensure the carrying value in the Authority financial statements is not materially different from the current value or the fair value (for investment properties and surplus assets) at the financial statements date. This valuation is carried out by the Council's internal valuers, professional valuers and independent property managing consultants contracted by the Council. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (approximately £120.3m at the 31 March 2018 balance sheet date) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Additionally, management will need to ensure the carrying value in the Authority financial statements is not materially different from the current value or the fair value (for investment properties and surplus assets) at the financial statements date, where a rolling programme is used.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk.</p> <p><b>Heritage Assets</b></p> <p>Heritage assets were held at £15m at the 31 March 2018 balance sheet date. The Authority revalues heritage assets periodically based on market value as approximated by their insurance value. The insurance values are reviewed annually to ensure there have been no material changes, and where there are other indications of impairment their carrying amount will be reviewed.</p> <p>The valuations of heritage assets, particularly revaluations and impairments, is also a significant risk.</p> <p>The risk of misstatement in the valuations of land, buildings and heritage assets was one of the most significant assessed risks of material misstatements, and a key audit matter.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work</li> <li>• evaluate the competence, capabilities and objectivity of the valuation expert</li> <li>• write to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met and discuss this basis where there are any departures from the Code</li> <li>• challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding</li> <li>• assess how management have challenged the valuations produced internally, by professional valuers and by independent property managing consultants to assure themselves that these represent the materially correct current value</li> <li>• test revaluations made during the year to see if they had been input correctly into the Authority's asset register</li> <li>• evaluate the assumptions made by management for any assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value</li> <li>• review the insurance valuations which are used as the basis for the estimation of the market value of heritage assets</li> <li>• Review and challenge managements impairment review for heritage assets</li> </ul>

# Significant risks identified

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Risk	Reason for risk identification	Key aspects of our proposed response to the risk
<p><b>Valuation of the pension fund net liability</b></p> <p>Page 15</p>	<p>The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (approximately £40.4 million in the Authority's balance sheet at the 31 March 2018) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.</p>	<p>We will:</p> <ul style="list-style-type: none"><li>• update our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluate the design of the associated controls;</li><li>• evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;</li><li>• assess the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation;</li><li>• assess the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability;</li><li>• test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary;</li><li>• undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and</li><li>• obtain assurances from the auditor of East Sussex County Council Pension Fund as to the controls surrounding the validity and accuracy of membership data, contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.</li></ul>

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings Report in July 2019.

# Other risks identified

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Risk	Reason for risk identification	Key aspects of our proposed response to the risk
<p><b>Migration of ERP system</b></p>	<p>During the 2018-19 accounting year management have undertaken a data migration from the previous Agresso enterprise resource planning (ERP) system to the new system Unit 4 Business World On ERP system.</p> <p>The migration took place at the beginning of April 2018. We regard this as a risk of material misstatement in the accounts as our experience of these types of system migrations has shown that the risk of error in data migration, either via system incompatibilities or via human error is high.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>document our understanding of and walkthrough the process for the system migration</li> <li>reconcile the opening trial balance report from Agresso ERP to the opening balance on Unit 4 Business World On ERP and to the signed accounts to demonstrate the brought forward transactions and balances were equivalent and the same as the audited prior year closing position indicating the correct opening balances;</li> <li>carry out testing to gain comfort over the correct transfer of historic data.</li> </ul>
<p><b>Group Accounts preparation</b></p>	<p>A wholly owned subsidiary Hastings Housing Company Ltd. has so far been considered by management to be immaterial to the authority accounts. This subsidiary is likely to be material to the authority accounts in 2018/19. We will understand and challenge management's own considerations and judgements around the consolidation decision.</p> <p>In accordance with ISA (UK) 600, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework. Therefore if the subsidiary is consolidated, we will further consider what audit procedures we will need to carry out to obtain assurance that subsidiary balances and transactions are materially correct. This could require:</p> <ul style="list-style-type: none"> <li>- audit of the financials of the component using component materiality;</li> <li>- audit of one or more classes of transactions, account balances or disclosures relating to significant risks of the group financial;</li> <li>- review of component's financial information; or</li> <li>- analytical procedures at group level</li> </ul>	<p>We will:</p> <ul style="list-style-type: none"> <li>review and challenge management's considerations and judgements around the consolidation decision</li> <li>review in detail the financials of the subsidiary and the accounting entries made to consolidate these into the group accounts to gain assurance over the correct accounting treatment</li> <li>plan further audit procedures to obtain appropriate audit evidence over the consolidated subsidiary balances and transactions.</li> </ul>

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We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings Report in July 2019.

## Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement and any other information published alongside your financial statements to check that they are consistent with the financial statements on which we give an opinion and consistent with our knowledge of the Authority.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with the guidance issued by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
  - Giving electors the opportunity to raise questions about your 2018/19 financial statements, consider and decide upon any objections received in relation to the 2018/19 financial statements;
  - issue of a report in the public interest or written recommendations to the Authority under section 24 of the Act, copied to the Secretary of State.
  - Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act; or
  - Issuing an advisory notice under Section 29 of the Act.
- We certify completion of our audit.

## Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

## Going concern

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the Authority's ability to continue as a going concern" (ISA (UK) 570). We will review management's assessment of the going concern assumption and evaluate the disclosures in the financial statements.

# Materiality

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## The concept of materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

## Materiality for planning purposes

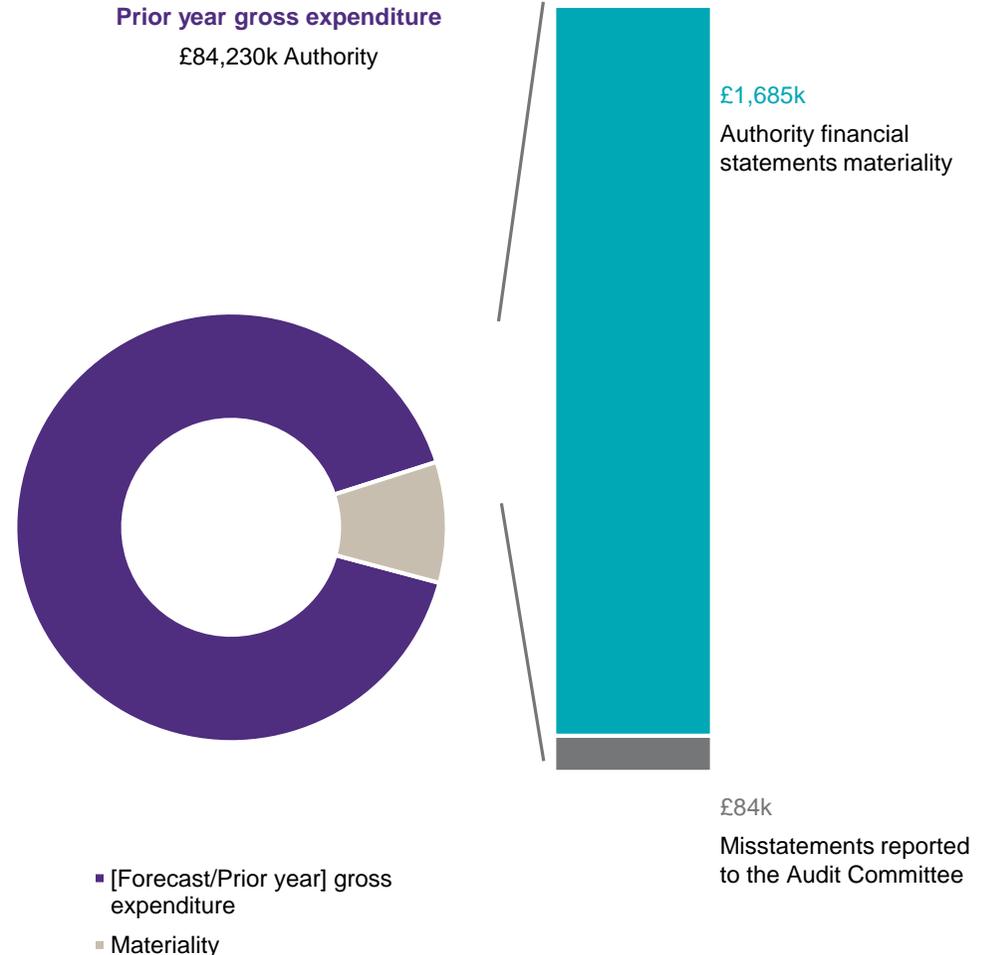
We have determined financial statement materiality based on a proportion of the gross expenditure of the Authority for the financial year. Materiality at the planning stage of our audit is £1,685k, which equates to 2% of your prior year gross expenditure for the year.

We consider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

## Matters we will report to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Authority, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £84k.

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.



# Value for Money arrangements

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## Background to our VFM approach

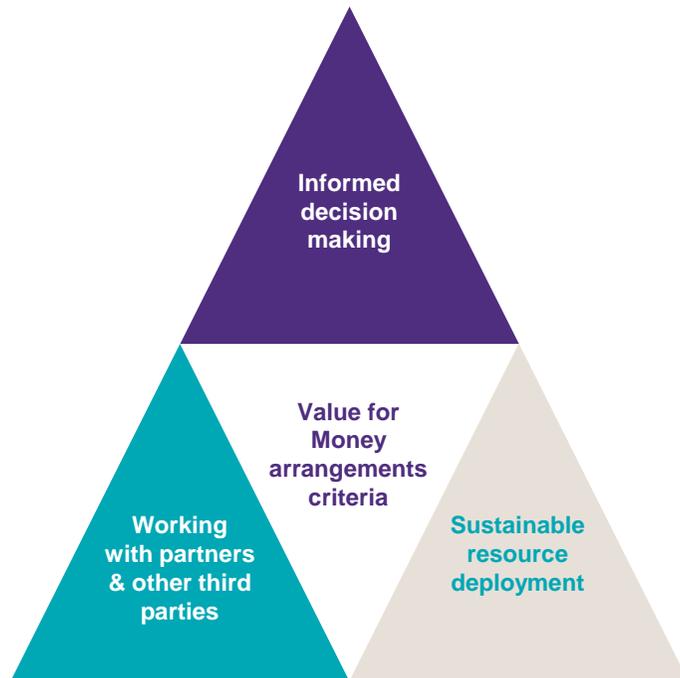
The NAO issued its guidance for auditors on Value for Money work in November 2017. The guidance states that for Local Government bodies, auditors are required to give a conclusion on whether the Authority has proper arrangements in place to secure value for money.

The guidance identifies one single criterion for auditors to evaluate:

*“In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.”*

This is supported by three sub-criteria, as set out below:

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## Significant VFM risks

Those risks requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the Authority to deliver value for money.



### Medium Term Financial Sustainability

Across the Local Government sector medium to long term financial plans are under strain due to reductions in central government funding along with increases in demand. In the 2016/17 and 2017/18 years the Council had deficit financial results on its provision of services. At 31 March 2018 the usable reserves stood at £21.7m, a level which is considered by the Council to be sufficient to ensure the ongoing sustainability of the organisation. You are responding to funding challenges in a variety of ways, through identifying efficiencies & new sources of funding, working with partners, and engaging in service redesign.

The Council set a budget for a £1.7m deficit for the 2018/19 year, and the Medium Term Financial Strategy sets out expectations of funding gaps of between £2-3m for each of the subsequent 3 years before use of reserves. There are savings and income generation plans in place which will mitigate some of the impact, but the expected results will entail significant use of the Council's current usable reserves which will be difficult to replenish. The impact of Brexit on the local economy could also lead to a further deterioration in public finances.

Our work will primarily include:

- Reviewing management's methods/processes in drafting the budget and Medium Term Financial Strategy;
- Understanding and challenging the key assumptions and estimates, particularly those that are highly judgemental, and comparing these to other authorities and our overall sector knowledge; and
- Consideration of the financial issues arising from Brexit. These may include changes in property values, adverse changes to investment and borrowing rates, changes to business rate income, and the impact on your workforce.

# Audit logistics, team & fees

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## Darren Wells, Engagement Lead

Darren will be the main point of contact for the Chair and the Chief Executive and Board Members. Darren will share his knowledge and experience across the sector providing challenge, sharing good practice, providing pragmatic solutions and acting as a sounding board with Senior Board Members and the Policy and Resources Committee. Darren will ensure our audit is tailored specifically to you and is delivered efficiently. Darren will review all reports and the team's work focussing his time on the key risk areas to your audit.



## Andy Conlan, Audit Manager

Andy will work with the senior members of the finance team ensuring early delivery of testing and agreement of accounting issues on a timely basis. Andy will attend Policy and Resources Committees, undertake reviews of the team's work and draft reports, ensuring they remain clear, concise and understandable to all. Andy will work with Internal Audit to secure efficiencies and avoid duplication.



## Harpaul Lachhar, Audit Incharge

Harpaul will lead the onsite team and will be the day to day contact for the audit. Harpaul will monitor the deliverables, manage the query log with your finance team and highlight any significant issues and adjustments to senior management. Harpaul will undertake the more technical aspects of the audit, coach the junior members of the team and review the teams work.

## Audit fees

The planned audit fees are £35,742 (PY: £46,418) for the financial statements audit completed under the Code, which are inline with the scale fee published by PSAA. In setting your fee, we have assumed that the scope of the audit, and the Authority and its activities, do not significantly change. We also have engaged to complete grant certification work for the Authority for the 2018/19 year with a planned fee of £10,500.

Where additional audit work is required to address risks relating to:

- the application of changes to International Financial Reporting Standard (IFRS) 9 – Financial Instruments and changes to the Authority's recognition and accounting treatment of financial assets and/or liabilities;
- the application of changes to International Financial Reporting Standard (IFRS) 15 – Revenue from contracts with customers and the Authority's recognition and accounting treatment of income from contracts;
- the migration of data and possible extension to our audit procedures necessary to gain assurance over this risk;
- the group consolidation of accounts and possible extension to our audit procedures necessary to gain assurance over this risk
- other audit issues/risks which have not been disclosed to us in our risk assessment.

we will consider the need to charge fees in addition to the audit fee on a case by case basis. Any additional fees will be discussed and agreed with management and would require PSAA approval.

## Our requirements

To ensure the audit is delivered on time and to avoid any additional fees, we have detailed our expectations and requirements in the following section 'Early Close'. If the requirements detailed overleaf are not met, we reserve the right to postpone our audit visit and charge fees to reimburse us for any additional costs incurred.

## Meeting the 31 July audit timeframe

In the prior year, the statutory date for publication of audited local government accounts was brought forward to 31 July, across the whole sector. This was a significant challenge for local authorities and auditors alike. For authorities, the time available to prepare the accounts was curtailed, while, as auditors we had a shorter period to complete our work and faced an even more significant peak in our workload than previously.

We have carefully planned how we can make the best use of the resources available to us during the final accounts period. As well as increasing the overall level of resources available to deliver audits, we have focused on:

- bringing forward as much work as possible to interim audits
- starting work on final accounts audits as early as possible, by agreeing which authorities will have accounts prepared significantly before the end of May
- seeking further efficiencies in the way we carry out our audits
- working with you to agree detailed plans to make the audits run smoothly, including early agreement of audit dates, working paper and data requirements and early discussions on potentially contentious items.

We are satisfied that, if all these plans are implemented, we will be able to complete your audit and those of our other local government clients in sufficient time to meet the earlier deadline.

## Client responsibilities

Where individual clients do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other clients. We will therefore conduct audits in line with the timetable set out in audit plans (as detailed on page 13. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit by the statutory deadline. Such audits are unlikely to be re-started until very close to, or after the statutory deadline. In addition, it is highly likely that these audits will incur additional audit fees.

## Our requirements

To minimise the risk of a delayed audit or additional audit fees being incurred, you need to ensure that you:

- produce draft financial statements of good quality by the deadline you have agreed with us, including all notes, the narrative report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

In return, we will ensure that:

- the audit runs smoothly with the minimum disruption to your staff
- you are kept informed of progress through the use of an issues tracker and weekly meetings during the audit
- we are available to discuss issues with you prior to and during your preparation of the financial statements.

# Independence & non-audit services

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## Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2017 and PSAA's Terms of Appointment which set out supplementary guidance on ethical requirements for auditors of local public bodies

## Other services provided by Grant Thornton

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Authority. The following other services were identified:

Service	£	Threats	Safeguards
<b>Non-audit related</b>			
CFO Insights	£5,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £5,000 in comparison to the total fee for the audit of £35,742 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
		Management	We are not taking any managerial responsibilities at the client. The scope of work does not include making decisions on behalf of management.

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Authority's policy on the allotment of non-audit work to your auditors. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit. None of the services provided are subject to contingent fees.

# Audit approach

## Use of audit, data interrogation and analytics software

### LEAP



#### Audit software

- A globally developed ISA-aligned methodology and software tool that aims to re-engineer our audit approach to fundamentally improve quality and efficiency
- LEAP empowers our engagement teams to deliver even higher quality audits, enables our teams to perform cost effective audits which are scalable to any client, enhances the work experience for our people and develops further insights into our clients' businesses
- Cloud-based industry-leading audit tool developed partnership with Microsoft



### Inflo



Cloud based software which uses data analytics to identify trends and high risk transactions, generating insights to focus audit work and share with clients.



#### REQUEST & SHARE

- Communicate & transfer documents securely
- Extract data directly from client systems
- Work flow assignment & progress monitoring



#### ASSESS & SCOPE

- Compare balances & visualise trends
- Understand trends and perform more granular risk assessment



#### VERIFY & REVIEW

- Automate sampling requests
- Download automated work papers



#### INTERROGATE & EVALUATE

- Analyse 100% of transactions quickly & easily
- Identify high risk transactions for investigation & testing
- Provide client reports & relevant benchmarking KPIs



#### FOCUS & ASSURE

- Visualise relationships impacting core business cycles
- Analyse 100% of transactions to focus audit on unusual items
- Combine business process analytics with related testing to provide greater audit and process assurance



#### INSIGHTS

- Detailed visualisations to add value to meetings and reports
- Demonstrates own performance and benchmark comparisons

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### IDEA



- We use one of the world's leading data interrogation software tools, called 'IDEA' which integrates the latest data analytics techniques into our audit approach
- We have used IDEA since its inception in the 1980's and we were part of the original development team. We still have heavy involvement in both its development and delivery which is further enforced through our chairmanship of the UK IDEA User Group
- In addition to IDEA, we also other tools like ACL and Microsoft SQL server
- Analysing large volumes of data very quickly and easily enables us to identify exceptions which potentially highlight business controls that are not operating effectively

### Appian



#### Business process management

- Clear timeline for account review:
  - disclosure dealing
  - analytical review
- Simple version control
- Allow content team to identify potential risk areas for auditors to focus on

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# Agenda Item 5



**Report to:** Audit Committee

**Date of Meeting:** 14 March 2019

**Report Title:** Strategic Risk Register

**Report By:** Tom Davies  
Chief Auditor

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## **Purpose of Report**

To inform Members of the current strategic risks identified for Hastings Borough Council and the measures put in place to avoid or mitigate those risks.

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## **Recommendation(s)**

- 1. To acknowledge the risks identified in the report and comment as appropriate.**

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## **Reasons for Recommendations**

As part of the Corporate Risk Management Strategy agreed by Cabinet, the Operational Risk Register is to be reviewed by the Audit Committee each year.

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## Introduction

## Background

1. The Strategic Risk Register is subject to periodic review at the Corporate Management Group meetings. Any significant revisions to the Risk Assessment are fed into the periodic meetings of the Corporate Risk Management Group. In accordance with the Risk Management Strategy, the Strategic Risk Register is reviewed by the Audit Committee each year. It was last reviewed by the committee on the 21 September 2017 meeting alongside the Operational Risk Register to enable a holistic view of all risks facing the council although the committee were presented with a risk assessment of a no-deal Brexit at its meeting on 15 November 2018.
2. The Strategic Risk Register is intended to give the Audit Committee and Corporate Management Group a detailed view of the potential threats to the Council at strategic level, the danger each one represents, and the mitigation measures that have been put in place to minimise any impact. The processes involve: -
  - Identifying a risk to the Council;
  - Assessment of the probability of the risk occurring;
  - Monitoring of that risk;
  - Assessing the impact to the Council should it occur;
  - Identifying measures to mitigate that risk or avoid it;
  - Whether the costs of mitigation are justified.
3. The reason for reviewing these risks in this way is to manage risks that could potentially: -
  - Inhibit the Council's ability to operate effectively or efficiently,
  - Damage the reputation of the Council and/or affect funding opportunities/grants,
  - Put the Council at risk from legal proceedings
4. There are frequent changes to the Strategic Risks and particularly to the sensitivity of some of them during the monthly and quarterly reviews. The Risk Management process fully recognises this and so there are procedures in place for highlighting these to the Audit Committee much sooner if necessary including although not restricted to, reporting through audit and other inspection reporting.
5. The detailed Strategic Risk Register can be found at Appendix A.

## Highest risks to the Council

6. These very highest risks to the Council are those that are of high likelihood and would have a high impact. These are denoted as High2 at appendix A and are:

- High2 Reductions in Government funding.
- High2 Impact of economic climate and government spending reduction
- High2 Changes in Central Government policy and decision making and changes In European Legislation which impact on the Council.
- High2 Partnership regeneration programme needs to be re-appraised as affected by focus of regeneration resources to North England away from the South East .
- High2 Increased demand for council services because of economic/social deprivation as a consequence of economic constraints on public spending.
- High2 Insufficient capacity and Organisational change whilst maintaining service delivery.
- High2 Deterioration of the Council's assets and other infrastructures e.g. playgrounds and open spaces and sea front.
- High2 'Brexit' implications

7. Potential risks that would have a high impact and medium probability of occurring are denoted by High1 and those that would have a medium impact but high chance of occurring are denoted as High3 at appendix A. Since these are still high potential risks for the Council but not as high as those at High2 above, they are listed below:

- High1 Loss of key staff / skills / knowledge
- High1 Contractual partnerships: Breakdown in contractor performance
- High1 IT Systems/data loss. (IT Systems exposed to some vulnerability. Data loss is better protected through regular frequent back-ups)
- High1 Severe Business Disruption
- High1 Use of emergency and other powers may be subject to compensation Payment
- High1 Waste Collection arrangements, July 2019 and beyond
- High3 Extreme weather: Drought/Rain/Snow/high winds and landslip/Coastal Protection

8. The mitigating actions to the above risks are monitored periodically.
9. The majority of the high risks are resource related and revolve around the severe financial restraints, 'Brexit' and general poor state of the economy. Also, a significant number high risks are related to demand for council services and the risk of over-commitment of the organisation with shrinking resources to obtain key objectives, for example, new initiatives such as efforts to earn income. We will continue to monitor those risks carefully.

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**Wards Affected**

None

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**Policy Implications**

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	No
Crime and Fear of Crime (Section 17)	No
Risk Management	Yes
Environmental Issues	No
Economic/Financial Implications	No
Human Rights Act	No
Organisational Consequences	No
Local People's Views	No
Anti-Poverty	No

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**Additional Information**

Appendix A - Strategic Risk Register.

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**Officer to Contact**

Officer: Tom Davies  
Email: TDavies@hastings.gov.uk  
Telephone: 01424 451524

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**STRATEGIC RISK REGISTER**

Target	Potential Risk	Likelihood	Impact	Overall Score	Potential Impact	Responsibility for Controls	Risk Avoidance	Risk Mitigation
1	Reductions in Government Funding.	High	High	High2	Council unable to deliver Corporate Plan objectives. And maintain services.	Political Leadership / Chief Officers	PIER Review, budget process, medium term financial plan.	Adequate level of reserves providing short term mitigation
	Impact of economic climate and government spending reduction.	High	High	High2	Loss of income. Increased service demand. Corporate regeneration priorities not delivered. Land disposal programme capital receipts reduced.	Political Leadership / Chief Officers	Reprioritisation of service provision. Review the Corporate regeneration priorities. Adjust the capital spending programme.  Income generation programme established; Commercial property and Housing company started – Energy generation options being examined.  Waiting for the Fair Funding Review decision for impacts on Business Rate retention and funding.	
2	Changes in Central Government policy and decision making and changes in European Legislation which impact on the Council (In the short term, what EU Legislation is the UK Government going to	High	High	High2	Changes over which the Council has no control could happen. Changes in responsibilities and role of District/Borough Councils. Loss of income. New demands.  Very little Council can do to influence future of European legislation.	Political Leadership / Chief Officers	Identify and compliance with changes. Reprioritisation and reallocation of resources.	

Target	Potential Risk	Likelihood	Impact	Overall Score	Potential Impact	Responsibility for Controls	Risk Avoidance	Risk Mitigation
	retain and what will it reject).				Impact on contracts and tendering.			
3	Partnership regeneration programme needs to be re-appraised as affected by focus of regeneration resources to North England away from the South East.	High	High	High2	Loss of private sector investment. Regeneration programme stalls.	Political Leadership / Chief Officers Partner Organisations	Active participation in LEP and its several funding streams. Seek alternative funding to maintain programme. Active involvement in Task Force and ESEID. Reappraise regeneration programme in light of funding opportunities and models – we will still have an ambitious programme.	Actively seek inward investment.
4	Increased demand for council services (e.g. Housing, Homelessness and associated risks around rough sleeping and Community Safety) because of economic/social deprivation as a consequence of the economic situation, constraints on Public Spending and changes in welfare benefit systems.	High	High	High2	Increased pressure on HBC services including benefits and homelessness; increased poverty and deprivation; negative impact on community cohesion. Adverse impact on Council Tax collection rate. Less Housing Benefit paid More pressure on DHP fund Migration from London Boroughs.  Potential impact on homelessness presentations and acceptances, including temporary accommodation usage.	Political Leadership / Chief Officers	Maintain and widen partnership working, e.g. the successful approach to tackling social issues around street community. Widen partnership working. Seek all external economic development financial opportunities.  Community Safety Partnership.  Summit of Key Stakeholders and Partners.  Reduction Scheme aims to lessen impact on the most vulnerable in our town.	Adequate level of reserves to cope with excessive unplanned changes  Reduce or end other services to be able to address this priority.

Target	Potential Risk	Likelihood	Impact	Overall Score	Potential Impact	Responsibility for Controls	Risk Avoidance	Risk Mitigation	
Page 31							<p>Our CPF programme directed at advice and support for vulnerable people.</p> <p>Performance targets for homelessness reviewed and agreed. Additional financial support for prevention measures supported through Discretionary HB payments etc. and new Government funding. Review and monitoring of staff capacity to be carried out mid-year.</p>		
	5	Insufficient capacity for organisational change whilst maintaining service delivery. No resilience in the organisation.	High	High	High2	<p>Opportunities to implement more efficient ways of working constrained by limited capacity – and affected by unplanned losses of team members through sickness etc. Council is already significantly less resilient. Financial and reputational. Failure to deliver corporate objectives. Service standards slip. Efficiencies not met. Pressure on individual staff continues to increase.</p>	Political Leadership / Chief Officers	<p>Review strategic priorities. Effective prioritisation. Acceptance of limitations on capacity. Political prioritisation. Link to the budget for staff capacity.</p>	Organisational Blueprint to determine ways of working and budget process to prioritise resource allocation.
	6	Loss of key staff / skills / knowledge.	Medium	High	High1	<p>Loss of resilience. Loss of capacity to deliver services to a desired or statutory</p>	Chief Officers / People, Customer & Business Support	<p>Succession planning. Business Continuity Planning resilience.</p>	One-Team working – opportunities to divert skilled resources to

Target	Potential Risk	Likelihood	Impact	Overall Score	Potential Impact	Responsibility for Controls	Risk Avoidance	Risk Mitigation
					standard.		Recruitment/Retention Policy. Training Support mechanisms. Staff retention strategy developed by People, Customer & Bus Support. Prioritisation.	higher priority areas for a limited time.
7	Risk of a successful legal challenge.	Low	Medium	Medium2	Financial penalty. Reputational damage.	Chief Officers / Political Leadership	Access to and provision of timely legal advice at all stages and levels. Legal overview of council activity maintained. Specialist Legal support available if required. Planning Advice appropriately triggered for a response. Maintain high quality Development Control Service.	
8	Deterioration of the Council's assets and other infrastructures e.g. playgrounds open spaces and sea front.	High	High	High2	Financial Loss. Reputational Loss. 3 <sup>rd</sup> Party Public Liability Failure to attract new tenants	Chief Officers	Appropriate maintenance schedules and programmes. Ensuring tenancy obligations are met. Adequate security. Review and rationalisation strategy undertaken to inform future budget decisions.	Adequate level of reserves mitigating Insurance.
9	Contractual Partnerships: Breakdown in	Medium	High	High1	Failure to achieve corporate objectives. Financial and reputational loss.	Chief Officers	Regular review and monitoring of Contracts and Service Level	Business Continuity Planning – change contractor

Target	Potential Risk	Likelihood	Impact	Overall Score	Potential Impact	Responsibility for Controls	Risk Avoidance	Risk Mitigation
10 Page 33	contractor performance, for example, existing and new Waste contract, Building Control, Leisure contract, White Rock Theatre contract and Ground Maintenance etc.	Low	Medium	Medium1	Additional drain on officer's time on dispute resolution.	Chief Officers	Agreements combined with firm contract management. Appropriate Governance arrangements. Development and implementation of Audit Plan.	BCP – new arrangements
	Non-Contractual Partnerships: Ineffective partnership working. Council fails to gain benefits from partnership working.				Failure to achieve corporate objectives. Financial and reputational loss.		Regular review and monitoring Service Level Agreements. Appropriate Governance arrangements. Development and implementation of Audit Plan.	
10 Page 33	Deterioration of the Town's image and culture.	Medium	High	Medium3	Town assets include history, culture etc. If a town asset fails then it is a reputational risk for HBC but not strictly within the Council's remit. Additional demands on financial reserves. Adverse impact on tourism. Adverse impact on the local economy.	Political Leadership / Chief Officers / External Partners / Private Sector	<p>Planning and Conservation. Enforcement. Attract inward investment through regeneration programme and external funding opportunities to enhance our USP's.</p> <p>Effective Marketing resources directed to attract new and maintain existing markets.</p> <p>Work with Police and community safety partners to promote a safe, secure image.</p>	

Target	Potential Risk	Likelihood	Impact	Overall Score	Potential Impact	Responsibility for Controls	Risk Avoidance	Risk Mitigation
12 Page 34	IT Systems loss (IT Systems exposed to some vulnerability).	Medium	High	High1	Loss of power supply. Hardware failure.	Chief Officers	Regular maintenance and inspection of building services. Business Continuity and disaster recovery plans in place and tested.	Insurance
	Data loss (protected through regular frequent back-ups).	Low	High	Medium3	Viral attack could leave the council's key systems, communications and customer engagement tools redundant.	Chief Officers	Back up data systems in place to protect data.	
	Failure to comply with the General Data Protection Regulation (GDPR)	Low	High	Medium3	Reputation for safeguarding data. Large financial fines imposed.	Chief Officers	GDPR policies and procedures in place supported by regular training	
11	Ineffective Project Control.	Low	High	Medium3	Projects overrun in time/budget. Reputational.	Chief Officers / Project Sponsors	Use Corporate project management methodology and toolkit. . Specialist resources available to support delivery and skills development. Programme and Project Boards to monitor delivery of key projects. Effective project monitoring by CMG. Regular Risk Reviews by Audit team. Ensure appropriate project management expertise.	Adequate reserves and contingency built into business cases

Target	Potential Risk	Likelihood	Impact	Overall Score	Potential Impact	Responsibility for Controls	Risk Avoidance	Risk Mitigation
13	Serious Breaches of Health and Safety legislation.	Low	High	Medium3	Serious Injury/death. Reputational damage. Prosecution. Civil litigation. Financial penalties.	Chief Officers / All Staff	Maintenance and implementation of effective health and safety management systems including regular inspections and reviews. Implementation of effective health and safety training and awareness programme.	Insurance and reserves
14	Severe Business Disruption.	Medium	High	High1	Service failure. Reputational damage.	Chief Officers	Detailed review of Business Continuity Plans (BCP's) undertaken with external support. Regular testing of BCP's. Security arrangements have been enhanced and are regularly checked/updated.	One Team to be diverted to priority areas. Insurance and reserves.
15	Extreme weather <ul style="list-style-type: none"> <li>• Drought</li> <li>• Rainfall</li> <li>• Snow and high winds</li> </ul>	High	Medium	High3	Impact on local economy and on council's business operations  Flood damage to property and land  Disruption to services  Loss of life / serious injury	Chief Officers	Strengthened water conservation measures in place and further measures under investigation  Surface water management action plan in place  Severe weather management action plan in place	One Team resources to respond Insurance Reserves  Participation in county wide resilience structures and training.

Target	Potential Risk	Likelihood	Impact	Overall Score	Potential Impact	Responsibility for Controls	Risk Avoidance	Risk Mitigation
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 36</p>	<ul style="list-style-type: none"> <li>Landslip and other natural hazards on coastal cliffs</li> <li>Flood risk management and coastal protection</li> </ul>				<p>Damage to property Loss of access / amenity Financial impact Reputation undermined</p>		<p>Bi-annual programme of inspection and remedial action. Maintain existing controls in place (catch fences, signage, barriers) Reporting system in place with other relevant stakeholders.</p> <p>Tested flood risk management plan. Environment Agency funded coastal protection works.</p>	
	<p>17</p>	<p>'Brexit' implications.</p>	<p>High</p>	<p>High</p>	<p>High2</p>	<p>Note: At this time, the implications aren't fully known.</p> <p>Loss of most/all European Grant Funding</p> <p>Decline in European visitors or workers</p> <p>Lost benefits of those European grant funded projects terminated</p> <p>Medium to long term economic uncertainty</p> <p>Loss of key industries whose trade is with Europe</p>	<p>Chief Officers</p>	<p>Risks of non-deal immediate issues assessed building on Audit Committee paper 15<sup>th</sup> November. Issues being addressed e.g. with supply chains/data management</p> <p>Partnership working with other local authorities on a regional and national basis</p> <p>Limited funding for dealing with impacts allocated to Council's over two years.</p> <p>Government short term guarantee for approved grants</p> <p>Planning for snap</p>

Target	Potential Risk	Likelihood	Impact	Overall Score	Potential Impact	Responsibility for Controls	Risk Avoidance	Risk Mitigation
							<p>elections completed</p> <p>Provide appropriate assistance and that is permissible depending on scale of emergency issues that may arise.</p> <p>Resolution of impacts of leaving with a deal to follow once clarity is in place</p>	
<p>19</p> <p>Page 37</p>	<p>Emergency Planning for a Major Emergency in the borough</p>	<p>Low</p>	<p>High</p>	<p>Medium3</p>	<p>Statutory duty to have appropriate arrangements in place.</p> <p>Reputational risk if not seen to be managed professionally</p> <p>Financial risk as resources will need to be used</p>	<p>Chief Officers</p>	<p>HBC is an active participant in emergency planning arrangements for Sussex, through membership of the Sussex Resilience Forum, and the East Sussex Resilience and Emergencies Partnership.</p> <p>Use of SRF generic and tailored emergency plans, and access to training through the SRF and ESREP.</p> <p>We operate a 365 days a year emergency on call system, so that operational staff, and tactical and strategic managers can be mobilised to liaise with the emergency services if incidents occur in the borough.</p>	

Target	Potential Risk	Likelihood	Impact	Overall Score	Potential Impact	Responsibility for Controls	Risk Avoidance	Risk Mitigation
							Arrangements in place to mobilise emergency assistance centres such as for evacuated residents, and we have recently significantly increased the number of staff volunteers for rest centres, and trained them.	
20	Significant Contracts for renewal: Leisure & White Rock Theatre	Low	High	Medium3	Financial risk  Reputational risk if poor performing contractor is selected	Chief Officers	East Sussex Procurement Hub  Senior management overview of the stages of this procurement project  (July 2018: Procurement of new Leisure Contract completed in March. Freedom Leisure managing facilities under new contract and implementing improvements to customer experience and building maintenance regime. Five year extension to current contracts agreed between HBC and HQ Theatres & Hospitality for operational management of the White Rock Theatre).	
21	The waste contract will end in June 2019 through a mutual termination	Medium	High	High1	Poor service to residents such as missed waste collections. Negative impact on street scene and thereby on the economy of	Chief Officers	Mutual termination agreement retained service standards and rectification and default	

Target	Potential Risk	Likelihood	Impact	Overall Score	Potential Impact	Responsibility for Controls	Risk Avoidance	Risk Mitigation
Page 39	<p>agreement agreed in March 2017. Risks arising include:-</p> <p>Poor performance/lack of investment from contractor during remainder of the contract.</p> <p>High turnover of key contractor staff as the contract termination approaches.</p> <p>Need to ensure new arrangements in place by June 2019.</p>				<p>the town. For example through decreased tourism, and investment by business.</p> <p>Increased costs due to need to monitor contractor more closely.</p> <p>Reputational damage to HBC.</p> <p>No waste and cleansing services in place when current contract ends.</p>		<p>arrangements.</p> <p>There is also provision for regular senior level performance review meetings, as well as the routine Joint Waste Committees attended by Lead members from across the partnership.</p> <p>HBC Senior management has established high level meetings with contractor to monitor progress.</p> <p>The HBC client team has been strengthened with 1 new post and the continuation of an existing temporary post.</p> <p>Increased use of rectification and default clauses.</p> <p>HBC has committed to a new joint waste procurement project with Rother and Wealden. Our new waste collection contract will be procured through this partnership.</p> <p>Cabinet has agreed that our preferred model for delivering street cleansing is through a direct services organisation. Additional specialist support will be employed to assist the development and potential mobilisation of the new DSO in time for June 2019.</p>	

Target	Potential Risk	Likelihood	Impact	Overall Score	Potential Impact	Responsibility for Controls	Risk Avoidance	Risk Mitigation
22	Future of new DSO to perform adequately	Low	High	Medium3	Poor cleanliness, impact on tourism. Big impact on HBC credibility.	Portfolio Holder Director Asst. Director	The DSO being well staffed and equipped. It will be constantly reviewed by officers and members to ensure any teething issues are rapidly ironed out.	Members and public understanding the need for a teething period as the service beds in. High Profile media campaign on new service and its staff.

~~~~~end~~~~~

# Agenda Item 6



**Report to:** Audit Committee

**Date of Meeting:** 14 March 2019

**Report Title:** Operational Risk Register

**Report By:** Tom Davies  
Chief Auditor

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## **Purpose of Report**

To inform Members of the current operational risks identified for Hastings Borough Council and the measures put in place to avoid or mitigate those risks.

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## **Recommendation(s)**

- 1. To acknowledge the risks identified in the report and comment as appropriate.**

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## **Reasons for Recommendations**

As part of the Corporate Risk Management Strategy agreed by Cabinet, the Operational Risk Register is to be reviewed by the Audit Committee each year.

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## Introduction

## Background

1. The Service Operational Risk Registers are subject to a quarterly assessment at the relevant Directorate Management Team meetings. Any significant revisions to the Risk Assessment are fed into the periodic meetings of the Corporate Risk Management Group. In accordance with the Risk Management Strategy, the combined Operational Risk Register is reviewed by the Audit Committee each year. It was last reviewed by the committee on the 21 September 2017 meeting alongside the Strategic Risk Register to enable a holistic view of all risks facing the council although the committee was presented with a risk assessment of a no-deal Brexit at its meeting on 15 November 2018.
2. The Operational Risk Register is intended to give the Audit Committee and Corporate Management Group a detailed view of the potential threats to the Council at operational level, the danger each one represents, and the mitigation measures that have been put in place to minimise any impact. The processes involve: -
  - Identifying a risk to the Council;
  - Assessment of the probability of the risk occurring;
  - Monitoring of that risk;
  - Assessing the impact to the Council should it occur;
  - Identifying measures to mitigate that risk or avoid it;
  - Whether the costs of mitigation are justified.
3. The reason for reviewing these risks in this way is to manage risks that could potentially: -
  - Inhibit the Council's ability to operate effectively or efficiently,
  - Damage the reputation of the Council and/or affect funding opportunities/grants,
  - Put the Council at risk from legal proceedings
4. There are frequent changes to the Operational Risks and particularly to the sensitivity of some of them during the monthly and quarterly reviews. The Risk Management process fully recognises this and so there are procedures in place for highlighting these to the Audit Committee much sooner if necessary including although not restricted to, reporting through audit and other inspection reporting.
5. The detailed Operational Risk Register can be found at Appendix A.

## Highest risks to the Council

6. The highest risks to the Council are those that have an overall rating of high/high in the current Operational risk Register. They are as follows in no particular order:
  - Reduction/Loss of Government Grant (budget deficit) Fair Funding Review & Business rate retention - 2020/21
  - Reputational risk of a bad PR story
  - Reduction in funding for leisure services
  - Production of the Town Centre and White Rock Area Action Plan and other Local Plan related developments; work demands that are not programmed, for example, Neighbourhood Plans.
7. A number of other potential risks that would have a high impact and medium probability of occurring or a medium impact but high chance of occurring are also categorised as high risks but are not as significant as the list above.
8. The majority of the high risks are resource related and revolve around the severe financial restraints, 'Brexit' and general poor state of the economy. Also, a significant number high risks are related to demand for council services and the risk of over-commitment of the organisation with shrinking resources to obtain key objectives, for example, over-commitment of Council resources on external funding opportunities and new initiatives such as efforts to earn income. We will continue to monitor those risks carefully.
9. Details of all the operational risks can be found at appendix A.

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### Wards Affected

None

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### Policy Implications

Please identify if this report contains any implications for the following:

|                                       |     |
|---------------------------------------|-----|
| Equalities and Community Cohesiveness | No  |
| Crime and Fear of Crime (Section 17)  | No  |
| Risk Management                       | Yes |
| Environmental Issues                  | No  |
| Economic/Financial Implications       | No  |
| Human Rights Act                      | No  |
| Organisational Consequences           | No  |
| Local People's Views                  | No  |
| Anti-Poverty                          | No  |

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### Additional Information

Appendix A - Operational Risk Register.

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**Officer to Contact**

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## OPERATIONAL RISK REGISTER

March 2019

### Corporate Services and Governance Directorate

Service: **FINANCE**

|   | Service | Potential Risk                                                                                              | Risk Rating (Likelihood / Impact)                  | Potential Impact                                                                            | Responsibility for controls                                   | Risk avoidance                                                                                                                                                                                                                                                                                                                                                                               | Risk mitigation                                                              |
|---|---------|-------------------------------------------------------------------------------------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------|---------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| 1 | Finance | Treasury Management<br>- Loss of money<br>- Reduction of investment interest<br>- Cost of borrowing         | Low / High<br><br>Low / Medium<br><br>Medium / Low | - Now £15-28 million invested at any one time, Operational borrowing limit £75m in 2018/19. | - Assistant Director – Financial Services & Revenues          | - Use of External Advisers – Link Asset Services<br>- Ensure staff are well trained<br>- Ensure adequate cover<br>- Treasury Management Strategy and Treasury Management Practices that are reviewed at least annually<br>- Spread of investments                                                                                                                                            | Use of reserves                                                              |
| 2 | Finance | Cash collection contract<br>- Firm collapses<br>- Theft by company                                          | Low / High                                         | - Reputation undermined<br>- Loss of circa £200k                                            | - Assistant Director – Financial Services & Revenues          | - Continue daily monitoring of cash banked<br>- Regular communication with supplier if the contract is not complied with<br>- Careful due diligence of contractor                                                                                                                                                                                                                            | Insurance<br>Contingency plan for stopping collections and safeguarding cash |
| 3 | Finance | Reduction/Loss of Government Grant (budget deficit) Fair Funding Review & Business rate retention - 2020/21 | High / High                                        | - Budget deficits                                                                           | - CMG<br>- Assistant Director – Financial Services & Revenues | - Ongoing PIER process<br>- CMG - Efficiencies<br>- Medium Term Financial Strategy<br>- Generation of additional income<br>- Service expenditure cuts/delays<br>- Setting a sustainable budget<br>- Proper and effective financial management across the Council<br>- Adherence to Financial Rules and Financial Operating procedures<br>- Realistic business cases – and whole life costing | Adequate Reserves/ Resources                                                 |

## OPERATIONAL RISK REGISTER

March 2019

|   | Service | Potential Risk               | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                          | Responsibility for controls                                                                                                            | Risk avoidance                                                                                                                                                                                                                                                                                                                                                                  | Risk mitigation                                                                                                                                                                              |
|---|---------|------------------------------|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4 | Finance | Uninsured properties / risks | Medium / Medium                   | <ul style="list-style-type: none"> <li>- Properties not insured</li> <li>- Loss of money in the event of loss</li> </ul>                  | <ul style="list-style-type: none"> <li>- Assistant Director – Financial Services &amp; Revenues</li> </ul>                             | <ul style="list-style-type: none"> <li>- Ensure thorough renewals process each year</li> <li>- Make sure we liaise with Estates to ensure all properties are adequately insured</li> <li>- Training and carry out inspections</li> </ul>                                                                                                                                        | Insurance reserve for uninsured losses                                                                                                                                                       |
| 5 | Finance | Income stream                | Medium / High                     | <ul style="list-style-type: none"> <li>- Budget deficit</li> </ul>                                                                        | <ul style="list-style-type: none"> <li>- Assistant Director – Financial Services &amp; Revenues</li> <li>- Chief Accountant</li> </ul> | <ul style="list-style-type: none"> <li>- Ensure regular budget monitoring reports distributed followed up by meetings</li> <li>- Report variances to AD's and service managers so they can address any budget deficits within their service</li> <li>- Report variances quarterly through performance review</li> <li>- Active management of properties and services</li> </ul> | Adequate provisions                                                                                                                                                                          |
| 6 | Finance | Business Continuity          | Medium / High                     | <ul style="list-style-type: none"> <li>- Payments, benefits, creditors &amp; Treasury Management</li> </ul>                               | <ul style="list-style-type: none"> <li>- Assistant Director – Financial Services &amp; Revenues</li> <li>- Chief Accountant</li> </ul> | <ul style="list-style-type: none"> <li>- Ensure finance system meets changing needs of business</li> <li>- Ensure full staff complement or cover</li> <li>- Business Continuity Plan in place</li> </ul>                                                                                                                                                                        | <p>Communications plan to payee if delays are unavoidable</p> <p>Various ad-hoc options all depending on nature of the incident, for example, use the Lloyds high street branch to trade</p> |
| 7 | Finance | Loss of key staff            | Medium / High                     | <ul style="list-style-type: none"> <li>- Stress</li> <li>- Errors / omissions</li> <li>- Financial loss</li> <li>- Poor advice</li> </ul> | <ul style="list-style-type: none"> <li>- Chief Accountant</li> <li>- Assistant Director – Financial</li> </ul>                         | <ul style="list-style-type: none"> <li>- Procedures documented</li> <li>- Ensure knowledge is shared and resilience built in</li> <li>- Terms and Conditions</li> </ul>                                                                                                                                                                                                         | <p>Use agency staff</p> <p>Use specialist agencies to temporarily fill senior staff positions</p>                                                                                            |

## OPERATIONAL RISK REGISTER

March 2019

|    | Service | Potential Risk                                                                 | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                          | Responsibility for controls                                                | Risk avoidance                                                                                                                                                                                                                                                        | Risk mitigation                                                        |
|----|---------|--------------------------------------------------------------------------------|-----------------------------------|-----------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|
|    |         |                                                                                |                                   |                                                                                                           | Services & Revenues<br>- Personnel, Policies and Strategies<br>- CMG       |                                                                                                                                                                                                                                                                       |                                                                        |
| 8  | Finance | Changes in legislation                                                         | Medium / Medium                   | - Failure to produce accounts<br>- Qualified by auditor<br>- Staff time & costs<br>-Reputation Undermined | - Assistant Director – Financial Services & Revenues<br>- Chief Accountant | - Regular liaison with our external auditors, Grant Thornton<br>- Train staff<br>- Attendance at conferences/workshops/seminars to understand changes and best practice                                                                                               | Specialist recruitment for temporary positions                         |
| 9  | Finance | Budget setting<br>- No decisions<br>- Late decisions<br>- Inadequate processes | Low / Low                         | - Staff disenfranchised<br>- Low morale<br>- In fighting                                                  | - Assistant Director – Financial Services & Revenues<br>- Chief Accountant | - Ensure regular budget monitoring reports distributed followed up by meetings<br>- Report variance through performance review<br>- PIER process<br>- Provide appropriate financial advice as directors/senior management request<br>- Medium Term Financial Strategy |                                                                        |
| 10 | Finance | External suppliers<br>- Bankruptcy, administration                             | Medium / High                     | - Depends which contract                                                                                  | - Chief Accountant                                                         | - Financial health checks<br>- Adherence to Financial Rules when letting contracts<br>- Effective use of Procurement Hub expertise                                                                                                                                    | Security bond in place for contracts over £250,000 (where appropriate) |

## OPERATIONAL RISK REGISTER

March 2019

Service: **ESTATES**

|   | Service | Potential Risk                                | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                                                  | Responsibility for controls                                                                                     | Risk avoidance                                                                                                                                                                                                                                                                                          | Risk mitigation                                                                        |
|---|---------|-----------------------------------------------|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| 1 | Estates | Loss of key staff and inability to recruit    | Medium/High                       | <ul style="list-style-type: none"> <li>- Loss of knowledge and relationship with tenants</li> <li>- Tenants dissatisfied and leave</li> </ul>                     | <ul style="list-style-type: none"> <li>- Assistant Director – Finance and Revenues</li> </ul>                   | <ul style="list-style-type: none"> <li>- Maintain adequate staffing levels</li> <li>-</li> <li>- Ensure knowledge shared within Team</li> <li>- Terms and Conditions</li> </ul>                                                                                                                         | Use agency staff either for general staff or specialist role as the situation dictates |
| 2 | Estates | Increase in empty units / major tenant leaves | Medium / Medium                   | <ul style="list-style-type: none"> <li>- Loss of rental income</li> <li>- Units handed back and difficult to re-let</li> <li>- Increased costs (rates)</li> </ul> | <ul style="list-style-type: none"> <li>- Estates Manager</li> </ul>                                             | <ul style="list-style-type: none"> <li>- Effective advertising</li> <li>- Maintain tenant relationships and get early warning</li> <li>- Maintain an overview of individual businesses and their operating environment</li> <li>- Undertake due diligence prior to purchasing new properties</li> </ul> | Maintain satisfactory level of general reserves                                        |
| 3 | Estates | Failure to maintain assets                    | Low/High                          | <ul style="list-style-type: none"> <li>- Properties fall into disrepair</li> </ul>                                                                                | <ul style="list-style-type: none"> <li>- Estates Manager</li> </ul>                                             | <ul style="list-style-type: none"> <li>- Regular inspections</li> <li>- Adequate budget (R&amp;R)</li> <li>- Planned programme of repairs and inspections</li> </ul>                                                                                                                                    | Contingency plan to board up and make safe vacant buildings                            |
| 4 | Estates | Properties not adequately insured             | Low/Medium                        | <ul style="list-style-type: none"> <li>- Council has to reinstate from own money</li> </ul>                                                                       | <ul style="list-style-type: none"> <li>- Estates Manager</li> <li>- Assistant Director – Finance and</li> </ul> | <ul style="list-style-type: none"> <li>- Complete revaluation of Council property and ensure regular checks on tenanted property</li> </ul>                                                                                                                                                             | Insurance reserve                                                                      |

## OPERATIONAL RISK REGISTER

March 2019

|   | Service | Potential Risk                                                              | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                                                                                 | Responsibility for controls | Risk avoidance                                                           | Risk mitigation |
|---|---------|-----------------------------------------------------------------------------|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|--------------------------------------------------------------------------|-----------------|
|   |         |                                                                             |                                   |                                                                                                                                                                                                  | Revenues                    |                                                                          |                 |
| 5 | Estates | Environmental legislation introduced which we do not currently comply with. | Medium/Low                        | <ul style="list-style-type: none"> <li>- Units with an energy rating of F or G can't be let 2018</li> <li>- Cost as business rates could be linked to energy performance of buildings</li> </ul> | - Estates Manager           | - Assess energy performance of our buildings and improve where necessary |                 |

## OPERATIONAL RISK REGISTER

March 2019

Service: **REVENUES AND BENEFITS**

|   | Service             | Potential Risk                                                                | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                              | Responsibility for controls                                                                                                                      | Risk avoidance                                                                                                                                                                                                                                                    | Risk mitigation |
|---|---------------------|-------------------------------------------------------------------------------|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| 1 | Revenues & Benefits | Not implementing changes to benefit rules & regulations in a timely manner    | Low/Medium                        | <ul style="list-style-type: none"> <li>- Wrong HB/CTR paid to customers</li> <li>- Subsidy claim qualified</li> <li>- Reputational</li> </ul> | <ul style="list-style-type: none"> <li>- Revs and Bens Service Manager</li> <li>- Benefit Operational &amp; Systems Manager</li> </ul>           | <ul style="list-style-type: none"> <li>- Ensure software supplier delivers upgrade on time</li> <li>- Fully test software prior to installing in 'live' system</li> <li>- Train staff in new procedures</li> <li>- Monitoring and management Reporting</li> </ul> |                 |
| 2 | Revenues & Benefits | Failure to meet collection targets in respect of council tax & business rates | Medium/High                       | <ul style="list-style-type: none"> <li>- Collection fund</li> <li>- budget setting</li> </ul>                                                 | <ul style="list-style-type: none"> <li>- Revs and Bens Service Manager</li> <li>- Revenues Operational &amp; Customer Service Manager</li> </ul> | <ul style="list-style-type: none"> <li>- Ensure a robust recovery strategy</li> <li>- Adequate resources</li> <li>- Promote CTR</li> </ul>                                                                                                                        |                 |
| 3 | Revenues & Benefits | Effectiveness of Business Continuity Plan                                     | Medium/High                       | <ul style="list-style-type: none"> <li>- Loss of staff</li> <li>- Loss of IT systems</li> <li>- Loss of accommodation</li> </ul>              | <ul style="list-style-type: none"> <li>- Revs and Bens Service Manager</li> <li>- IT Manager</li> </ul>                                          | <ul style="list-style-type: none"> <li>- Key staff able to operate from home</li> <li>- IT system backed up daily</li> </ul>                                                                                                                                      |                 |

## OPERATIONAL RISK REGISTER

March 2019

|   | Service             | Potential Risk                                                                                                          | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                                                                                                                     | Responsibility for controls     | Risk avoidance                                                                                                                                                                                                                                                                            | Risk mitigation                                                                                |
|---|---------------------|-------------------------------------------------------------------------------------------------------------------------|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| 4 | Revenues & Benefits | Failure to recruit & retain staff                                                                                       | Medium/Medium                     | <ul style="list-style-type: none"> <li>- Unable to meet demands/targets</li> <li>- Service delivery deteriorates</li> <li>- Low morale</li> <li>- Added pressure</li> <li>- Increased sickness</li> <li>- Increased costs</li> </ul> | - Revs and Bens Service Manager | <ul style="list-style-type: none"> <li>- Managers to work closely with HR People Strategy</li> <li>- Workforce planning</li> </ul>                                                                                                                                                        | Agency staff                                                                                   |
| 5 | Revenues & Benefits | Impact on council tax collection rates as a result of proposed changes to the Council Tax Reduction Scheme for 2019/20. | Medium/Medium                     | <b>Financial:</b> <ul style="list-style-type: none"> <li>- More council tax to collect</li> <li>- Increased arrears</li> <li>- Collection fund pressures</li> <li>- Budget setting.</li> </ul>                                       | - Revs and Bens Manager         | <ul style="list-style-type: none"> <li>- Work with colleagues in other Local Authorities &amp; ESCC</li> <li>- Consult with residents</li> <li>- Make contact with affected persons</li> <li>- Ensure residents are kept informed</li> <li>- Ensure a robust recovery schedule</li> </ul> | Adjust CTRS accordingly for future years                                                       |
| 6 | Revenues & Benefits | Introduction of new self-service system during 19/20                                                                    | Low                               | System not performing as predicted                                                                                                                                                                                                   | Revs and Bens Manager           | <ul style="list-style-type: none"> <li>- Implementation of project managed effectively</li> <li>- Due diligence of product and supplier</li> <li>Communications plan in place for residents</li> </ul>                                                                                    | Changes to front and back office staffing levels not made until system is working effectively. |

## OPERATIONAL RISK REGISTER

March 2019

Service: **AUDIT, INVESTIGATIONS AND PROCUREMENT**

|   | Service        | Potential Risk                                                                                                                       | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                               | Responsibility for controls | Steps to mitigate risk, time frame for implementation and latest position                                                    | Risk avoidance                                                             |
|---|----------------|--------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------|-----------------------------|------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|
| 1 | Audit          | Risk of missing something in a systems audit                                                                                         | Low / Medium                      | - Loss of credibility of audit and false assurance                                                                             | - Chief Auditor             | - Experienced staff<br>- Chief Auditor review of work performed                                                              |                                                                            |
| 2 | Investigations | Housing Benefit Fraud or Council Tax Benefit Fraud is not rigorously investigated                                                    | Medium/Low                        | Reputation indirectly undermined<br><br>Council Tax overpayment does not get recovered and consequent adverse financial impact | - Chief Auditor             | - Monitoring of feedback from the DWP on referred cases<br>New initiatives mitigating fraud and error                        | - Meetings with DWP or potential escalation if SLA is not being delivered. |
| 3 | Procurement    | Risk of Legal/Finance/IT and other Corporate Services not being included at the outset of procurement especially for joint contracts | Low / Medium                      | Organisational difficulties in decision taking.<br><br>- Difficulties in legally protecting the council                        | - Chief Auditor             | - HBC programme management approach gatekeeps new initiatives/schemes to ensure adequate adherence to procurement processes. |                                                                            |

## OPERATIONAL RISK REGISTER

March 2019

Service: **CONTINUOUS IMPROVEMENT AND DEMOCRATIC SERVICES**

|   | Service                                      | Potential Risk                                                                                                                              | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                                                                                          | Responsibility for controls                            | Risk avoidance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Risk mitigation                                                                                                                                 |
|---|----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Continuous Improvement & Democratic Services | Lack of effective corporate planning – lack of capacity, lack of skills, uncertain direction of travel, organisational resistance to change | Low / High                        | <ul style="list-style-type: none"> <li>- Poorly planned resource allocation</li> <li>- HBC not responsive to emerging issues</li> </ul>                                                                   | - Directors                                            | <ul style="list-style-type: none"> <li>- Directors lead work at Strategic Oversight and Planning Board - setting Strategic Direction and developing Operational Blueprint for future of HBC.</li> <li>- PIER programme to identify resources at time priorities are agreed</li> <li>- Staff involvement and engagement processes</li> <li>- Service review programme examining services in detail and assessing customer focus and efficiency (Business process mapping completion and review)</li> </ul> | -                                                                                                                                               |
| 2 | Continuous Improvement & Democratic Services | Statutory publication dates for agendas and forward plan missed, resulting in meetings having to be cancelled and a delay to key decisions. | Low / High                        | <ul style="list-style-type: none"> <li>- Legal – Decisions made are open to challenge.</li> <li>- Reputational High risk of negative media and public profile.</li> <li>- Financial – costs of</li> </ul> | - Continuous Improvement & Democratic Services Manager | <ul style="list-style-type: none"> <li>- Forward Plan management via ModGov ensures that responsibility is shared with service departments.</li> <li>- Modern Gov system automated process for assisting with report publication rolled out.</li> </ul>                                                                                                                                                                                                                                                   | Legal provision is in place to obtain permission to accept late items if exceptional circumstances but only if certain conditions have been met |

## OPERATIONAL RISK REGISTER

March 2019

|   | Service                                      | Potential Risk                                                                                                                                              | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                                                                 | Responsibility for controls                                                       | Risk avoidance                                                                                                                                                                                                                                                                                                                                             | Risk mitigation             |
|---|----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
|   |                                              |                                                                                                                                                             |                                   | legal challenges.                                                                                                                                                                |                                                                                   |                                                                                                                                                                                                                                                                                                                                                            |                             |
| 3 | Continuous Improvement & Democratic Services | Freedom of Information Act <ul style="list-style-type: none"> <li>- response targets not met</li> <li>- impact on staff time/capacity to respond</li> </ul> | Low/Medium                        | <ul style="list-style-type: none"> <li>- Complaint to Information Commissioner</li> <li>- Opportunity cost impact on service delivery</li> </ul>                                 | - Continuous Improvement & Democratic Services Manager                            | <ul style="list-style-type: none"> <li>- Firmstep software used to co-ordinate FOI responses</li> <li>- Common requests available online to reduce avoidable contact.</li> <li>- Regular reviews of breadth of information made available to identify if there are further areas that can reduce FOI request</li> </ul>                                    | Internal escalation process |
| 4 | Continuous Improvement & Democratic Services | Corporate complaints timescales not met                                                                                                                     | Low/High                          | <ul style="list-style-type: none"> <li>- Reputational impact/potential legal action/lack of confidence</li> <li>- Finding against HBC from Local Government Ombudsman</li> </ul> | - Continuous Improvement & Democratic Services Manager<br><br>Chief Legal Officer | <ul style="list-style-type: none"> <li>- Revised corporate complaints monitoring system to be implemented via Firmstep enabling more efficient evidence collection, coordination and dissemination of associated tasks and capacity for analysis and online service provision.</li> <li>- CMG regularly review learning from complaints/trends.</li> </ul> | Internal escalation process |

## OPERATIONAL RISK REGISTER

March 2019

Service: **LEGAL AND ELECTORAL SERVICES**

|   | Service       | Potential Risk                                                                                                                                              | Risk Rating (Likelihood / Impact)                    | Potential Impact                                                                                                                                                                        | Responsibility for controls                | Risk avoidance                                                                                                                                                                                                                                                                                                                                         | Risk mitigation                                                        |
|---|---------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|
| 1 | Legal Service | Litigation either criminal or civil<br>Large Claims brought against the Council                                                                             | Low / *<br>High<br><br>(* Depends on level of court) | - Reputational<br><br>- Financial – Vulnerability to council including costs orders against the Council<br><br>- Not being in a position to defend actions brought against the Council. | - Chief Legal Officer<br><br><br>Directors | - Legal compliance – professionally trained staff subject to CPD, training, library and on-line research tools<br>- Capacity built within the team for cover for short term absences<br>- Training for client departments                                                                                                                              | - Use of trusted agency staff that legal services have used previously |
| 2 | Legal Service | Corporate Governance non – compliance with Constitution, procedures, financial rules and standing orders, ultra vires, legal challenge standards issues for | Medium / High                                        | - Failure to deliver on Priorities (reputational and financial)<br><br>- Financial – legal challenge and associated costs                                                               | - Chief Legal Officer                      | - Professional legal advice time/capacity built into project development and forward planning processes<br>- New Iken system in place to coordinate and allocate legal work<br>- Training, advice and support for staff and members<br>- Legal advice available to Member decision-making meetings<br>- Regular monitoring and review of constitution. | Training to officer client departments                                 |

## OPERATIONAL RISK REGISTER

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|   | Service       | Potential Risk                                                                                                                                                                                                                                                                              | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                                                                                                                                                                                                                                                  | Responsibility for controls                                                                                          | Risk avoidance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Risk mitigation                                                              |
|---|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
|   |               | members                                                                                                                                                                                                                                                                                     |                                   |                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                              |
| 3 | Legal Service | <p>Property, Planning &amp; Contracts: instructions</p> <ul style="list-style-type: none"> <li>- lack of full, precise and timely instructions from client departments</li> </ul> <p>Failure to follow procurement rules</p> <p>Not enough attention paid to specification of contracts</p> | Medium / High                     | <ul style="list-style-type: none"> <li>- Reputational</li> <li>- Time pressures on funding</li> <li>- Financial – failure to achieve best value for authority</li> <li>- Financial – legal challenge from unsuccessful tenderers</li> <li>- Financial challenge from contractors where we are in breach of contract – cannot comply with specification</li> </ul> | <ul style="list-style-type: none"> <li>- Chief Legal Officer</li> </ul> <p style="text-align: center;">DirectorS</p> | <ul style="list-style-type: none"> <li>- Professionally qualified staff providing advice on what is required</li> <li>- Contribution to training of client officers</li> <li>- Use of Iken system clarifies instructions</li> <li>- Project and Programme Management processes require procurement issues to be addresses in a timely manner</li> <li>- Regular updating training on procurement rules</li> <li>- Work with East Sussex Procurement Hub</li> </ul> <ul style="list-style-type: none"> <li>- Clients need to ensure that they know what they want and are ready to comply with contract</li> </ul> | Advice from East Sussex Procurement Hub                                      |
| 4 | Legal Service | Losing staff at a key time – impacting on resilience                                                                                                                                                                                                                                        | Medium / High                     | <ul style="list-style-type: none"> <li>- Financial – cost of outsourcing or locum assistance</li> <li>- Reputational – Risk of failure to deliver</li> <li>- Undue pressures on Service</li> </ul>                                                                                                                                                                | <ul style="list-style-type: none"> <li>- Chief Legal Officer</li> </ul>                                              | <ul style="list-style-type: none"> <li>- High profile matters – identified for outsourcing at an early stage of instruction.</li> <li>- Resilience built within the team</li> <li>- Administration resilience across teams</li> </ul> <ul style="list-style-type: none"> <li>- May have to pay more money</li> </ul>                                                                                                                                                                                                                                                                                              | <ul style="list-style-type: none"> <li>- Use of known locum staff</li> </ul> |

## OPERATIONAL RISK REGISTER

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|   | Service            | Potential Risk                                                                                     | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                                                                                                                                                                                                                                      | Responsibility for controls                                                                                                                    | Risk avoidance                                                                                                                                                                                                                                                                                                   | Risk mitigation                                                                                           |
|---|--------------------|----------------------------------------------------------------------------------------------------|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
|   |                    |                                                                                                    |                                   | - Difficulty in recruiting staff                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                |                                                                                                                                                                                                                                                                                                                  |                                                                                                           |
| 5 | Electoral Services | Statutory timetable and requirements not met when compiling and maintaining the Electoral Register | Low / High                        | <ul style="list-style-type: none"> <li>- Legal – residents disenfranchised and not able to vote leading to a challenge to the election result.</li> <li>- Financial – costs of legal challenge and re-running elections.</li> <li>- Reputational: mistrust by residents of accuracy of the Electoral Register and future election results.</li> </ul> | <ul style="list-style-type: none"> <li>- Electoral Registration Officer</li> <li>- Chief Legal Officer</li> </ul>                              | <ul style="list-style-type: none"> <li>- Professionally qualified and trained staff with regular skills and knowledge updates.</li> <li>- High quality software package in place.</li> <li>- Contracts in place with printers and software suppliers.</li> <li>- Good networks for support and advice</li> </ul> | <ul style="list-style-type: none"> <li>- External professional resources utilised if necessary</li> </ul> |
| 5 | Electoral Services | Organisation of Elections - Statutory timetable and requirements not met.                          | Low / High                        | <ul style="list-style-type: none"> <li>- Legal – residents disenfranchised and not able to vote leading to a challenge to</li> </ul>                                                                                                                                                                                                                  | <ul style="list-style-type: none"> <li>- Electoral Registration Officer</li> <li>- Returning Officer</li> <li>- Chief Legal Officer</li> </ul> | <ul style="list-style-type: none"> <li>- Professionally qualified and trained staff with regular skills and knowledge updates.</li> <li>- Project Plan for each election in place with a Project Group, also an Elections Committee chaired by the Returning Officer.</li> </ul>                                 | <ul style="list-style-type: none"> <li>- External professional resources utilised if necessary</li> </ul> |

## OPERATIONAL RISK REGISTER

March 2019

|   | Service            | Potential Risk                                                                     | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                  | Responsibility for controls                               | Risk avoidance                                                                                                                                                                                                                                                                                   | Risk mitigation                                                                                                                                           |
|---|--------------------|------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
|   |                    | -                                                                                  |                                   | the election result.<br>- Financial – costs of legal challenge and re-running elections.<br>- Reputational: mistrust by residents |                                                           | - East Sussex wide Electoral Services Network available for support and advice and a good working relationship with the Electoral Commission has been established.<br>- Returning Officer and Deputies undertake training.<br>- Greater resilience achieved within wider Corporate Services team |                                                                                                                                                           |
| 6 | Electoral Services | Losing specialist staff/staff capacity at peak time (e.g. elections, canvass etc.) | Low / High                        | - Statutory timetable and requirements not met                                                                                    | - Electoral Registration Officer<br>- Chief Legal Officer | - Resilience is provided across Directorate teams to assist with election duties<br>- Project planning and procedure notes production in place                                                                                                                                                   | - Arrangement in place for Rother DC Elections Team to assist with elections during the years that Hastings has elections and they do not and vice versa. |

## OPERATIONAL RISK REGISTER

March 2019

|   | Service        | Potential Risk                                          | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                                                                                                                                                                                                                                                 | Responsibility for controls                                  | Risk avoidance                                                                                                                                                                                                                                                                                                                                                                                         | Risk mitigation                                                                                  |
|---|----------------|---------------------------------------------------------|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| 1 | People Support | Loss of Unit4 HR & Payroll system                       | Low / High                        | <ul style="list-style-type: none"> <li>- Over payments</li> <li>- Staff not paid</li> <li>- NI / Tax not paid</li> <li>- surcharged</li> <li>- Services may have to close</li> <li>- Employment tribunal claims</li> <li>- Industrial action</li> </ul>                                                                                                          | Executive Manager (EM) People, Customer and Business Support | <ul style="list-style-type: none"> <li>- Business Continuity Plan in place with software supplier</li> <li>- Managers and team trained on payroll process. Manual option as contingency.</li> </ul>                                                                                                                                                                                                    | Could run previous month's payroll and adjust the following month when system has been restored. |
| 2 | People Support | Lack of effective organisational development and change | Low / Medium                      | <ul style="list-style-type: none"> <li>- Staff unable to deliver services due to lack of skills and knowledge</li> <li>- Organisation stagnates</li> <li>- New initiatives / developments undertaken without adequate business case or planning</li> <li>- Unable to manage more with less</li> <li>- Unable to deliver government / local leadership</li> </ul> | EM People, Customer and Business Support                     | <ul style="list-style-type: none"> <li>- Organisational Blueprint and delivery programme to be developed in 19/20 with associated project workplans developed</li> <li>- Project outcomes will help anticipate resources required for the future and will inform recruitment and retention.</li> <li>- Staff engagement programme ensures regular communication and briefing opportunities.</li> </ul> | -                                                                                                |

## OPERATIONAL RISK REGISTER

March 2019

|   | Service        | Potential Risk                                                                                                                                                                                                         | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                                                                                                                                                                                                                                                   | Responsibility for controls                | Risk avoidance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Risk mitigation |
|---|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
|   |                |                                                                                                                                                                                                                        |                                   | <ul style="list-style-type: none"> <li>agenda</li> <li>- Loss of key staff</li> <li>- Increased sickness</li> <li>- Disengaged staff</li> </ul>                                                                                                                                                                                                                    |                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                 |
| 3 | People Support | Loss of key staff within the people and business support service:<br>- Turnover<br>- Redundancy/retirement<br>- Re-structure<br>(failure to take a strategic approach to workforce planning puts key services at risk) | Medium / High                     | <ul style="list-style-type: none"> <li>- Support for managers / organisation reduced</li> <li>- Processes not followed</li> <li>increase in claims via E.T.</li> <li>- Loss of knowledge</li> <li>- Reduced services</li> <li>- Increased complaints</li> <li>- Increased sickness</li> <li>- Staff over loaded</li> <li>- Reputation of HBC undermined</li> </ul> | - EM People, Customer and Business Support | <ul style="list-style-type: none"> <li>- Senior HR working alongside service managers and developing workforce plan to meet future organisational/service needs.</li> <li>- Workforce plan prepared.</li> <li>- HR briefings on HR policies / procedures, employment legislation</li> <li>- Sickness absence – refresher &amp; mental health training for managers – focus on handling short term absences.</li> <li>-Mental health first aiders in place throughout org</li> <li>- Managers Training apprenticeship scheme to be rolled out</li> </ul> | Agency staff    |
| 4 | People Support | Non-compliance with employment legislation Corporately                                                                                                                                                                 | Medium / Medium                   | <ul style="list-style-type: none"> <li>- Increased number of tribunal claims – costs against the</li> </ul>                                                                                                                                                                                                                                                        | - EM People, Customer and Business Support | <ul style="list-style-type: none"> <li>- HR briefings (see above)</li> <li>- Ensure policies and procedures adhered to – including timelines</li> <li>- Provide support to managers</li> </ul>                                                                                                                                                                                                                                                                                                                                                          | -               |

## OPERATIONAL RISK REGISTER

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|    | Service          | Potential Risk                                                                                                            | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                                                                         | Responsibility for controls                                                                  | Risk avoidance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Risk mitigation                                                                                                                                                |
|----|------------------|---------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |                  |                                                                                                                           |                                   | Council                                                                                                                                                                                  |                                                                                              | <ul style="list-style-type: none"> <li>- Inform finance as early as possible</li> <li>- Use experienced HR advisor (qualified)</li> <li>- Early contact with relevant managers</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                |
| 5. | People Support   | Poor industrial employee relations                                                                                        | Low/High                          | <ul style="list-style-type: none"> <li>- Impact on service delivery.</li> </ul>                                                                                                          | <ul style="list-style-type: none"> <li>- EM People, Customer and Business Support</li> </ul> | <ul style="list-style-type: none"> <li>- Maintain current Employee relations framework which encourages partnership working between management and unions, enabling effective negotiation, consultation and communication.</li> </ul>                                                                                                                                                                                                                                                                                                                                          | Management/ agreed skeleton cover for specific service areas to cover strike action                                                                            |
| 6  | Business Support | Breach of Town Hall or Muriel Matters House Security including potential contentious public meetings – asset or data loss | Low/Low                           | <ul style="list-style-type: none"> <li>- Legal action/Loss of reputation/ confidence</li> <li>- Potential harm to staff and public</li> <li>- Potential harm to HBC buildings</li> </ul> | <ul style="list-style-type: none"> <li>- EM People, Customer and Business Support</li> </ul> | <ul style="list-style-type: none"> <li>- Perform security reviews to test security arrangements – particularly at the Town Hall, as there are more tenants and members of the public in the building now.</li> <li>- Ensure that relevant teams undertake risk assessments as and when required for events in the buildings etc.</li> <li>- Test &amp; maintain alarms.</li> <li>- Issue instructions on staff ID cards/ staff lanyards (grey)– mandatory</li> <li>- Monitor and maintain ID card and fob systems for staff</li> <li>- Monitor and maintain ID card</li> </ul> | Regular review at Corporate health and safety group of incidents reported. All relevant policies/procedures amended accordingly and disseminated to all staff. |

## OPERATIONAL RISK REGISTER

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|   | Service          | Potential Risk                                                                                                                                          | Risk Rating<br>(Likelihood / Impact) | Potential Impact                                                                                                                                                                                                      | Responsibility for controls                                                                  | Risk avoidance                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Risk mitigation                |
|---|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
|   |                  | Risk of abusive, aggressive or violent behaviour towards staff                                                                                          | Med/High                             | <ul style="list-style-type: none"> <li>- Increase in stress levels experienced by staff and related illness absence</li> <li>- Potential legal claims</li> <li>- Physical harm/injury</li> <li>- Financial</li> </ul> |                                                                                              | <p>and fob systems for tenants/contractors/councillors and visitors.</p> <ul style="list-style-type: none"> <li>- ensure visitors visibility improved through the use of named/coloured lanyards</li> <li>- staff encouraged to challenge individuals not displaying ID's and accompany them to Business Support to be issued with temporary ID (if appropriate)</li> <li>- Security arrangements enhanced Panic buttons</li> <li>- Manager supervision and support</li> </ul> |                                |
| 7 | Business Support | <p>Equipment breakdown (printers, water coolers etc, lifts, heating)</p> <ul style="list-style-type: none"> <li>- System breakdown (Condeco)</li> </ul> | Low/Low                              | <ul style="list-style-type: none"> <li>- Unable to use Equipment or software</li> </ul>                                                                                                                               | <ul style="list-style-type: none"> <li>- EM People, Customer and Business Support</li> </ul> | <ul style="list-style-type: none"> <li>- Effective and efficient call-out arrangements</li> <li>- Business Support team continue to work with our suppliers to ensure when call outs requested they are responded to in a timely manner.</li> <li>- Regular building checks made</li> <li>- Facilities management group</li> </ul>                                                                                                                                             | Use facilities on other floors |

## OPERATIONAL RISK REGISTER

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|   | Service                  | Potential Risk                                                                                                                       | Risk Rating<br>(Likelihood / Impact) | Potential Impact                                                                                                                                                                                                             | Responsibility for controls                                                                                                                                | Risk avoidance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Risk mitigation                        |
|---|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|
|   |                          |                                                                                                                                      |                                      |                                                                                                                                                                                                                              |                                                                                                                                                            | meeting held monthly to review issues.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                        |
| 8 | Business Support         | Breach of fire and building health and safety regulations at Town Hall or Muriel Matters House and security,                         | Low/High                             | - Potential injury to Persons and buildings                                                                                                                                                                                  | - EM People, Customer and Business Support                                                                                                                 | <ul style="list-style-type: none"> <li>- Health &amp; Safety Audits</li> <li>- Identity cards/lanyards issued to staff with a requirement to be worn.</li> <li>- Building checks undertaken by Business Support in conjunction with Health and Safety adviser.</li> <li>- Regular maintenance of systems.</li> </ul>                                                                                                                                                                                                                                                                                                                   | -                                      |
| 9 | Community Contact Centre | Poor quality service provision at the first point of call resulting in delays, poor advice and/or an increase in customer complaints | Low / Medium                         | <ul style="list-style-type: none"> <li>- Reputation undermined</li> <li>- Impact on service delivery</li> <li>- Financial Implications</li> <li>- Additional contacts to rectify</li> </ul> <p>advice/information given.</p> | <ul style="list-style-type: none"> <li>- CMG</li> <li>- EM People, Customer and Business Support</li> <li>- Corporate Customer Services Manager</li> </ul> | <ul style="list-style-type: none"> <li>- Good communications with service departments to plan for peaks in service demand</li> <li>- Rolling training programme to refresh knowledge</li> <li>- Service reviews rolling programme to review processes and customer service issues</li> <li>- Customer satisfaction surveys undertaken</li> <li>- Greater use of technology to address issues of unavoidable contact and reduce face to face contact at first point.</li> <li>- 'Queue busting' processes initiated to limit waiting times of some customers</li> <li>- Performance management processes in place</li> <li>-</li> </ul> | - Complaints and compliments procedure |

## OPERATIONAL RISK REGISTER

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|    | Service                  | Potential Risk                                                         | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                                                                                                                   | Responsibility for controls                                                                                                                            | Risk avoidance                                                                                                                                                                                                                                                                                                                                                                 | Risk mitigation                                                                                      |
|----|--------------------------|------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|
| 10 | Community Contact Centre | Risk of serious abusive, aggressive or violent behaviour towards staff | Medium/High                       | <ul style="list-style-type: none"> <li>- Increase in stress levels experienced by staff and related illness absence</li> <li>- Potential legal claims</li> <li>- Physical harm/injury</li> <li>- Financial Implications</li> </ul> | <ul style="list-style-type: none"> <li>- EM People, Customer and Business Support</li> <li>- Corporate Customer Services Manager</li> </ul>            | <ul style="list-style-type: none"> <li>- Regular H&amp;S training and refresher</li> <li>- Security arrangements enhanced</li> <li>- Lone worker training</li> <li>- Conflict training for all staff</li> <li>- Options to interview in secure rooms</li> <li>- Panic buttons</li> <li>- Appropriate use of alert scheme</li> <li>- Manager supervision and support</li> </ul> | -                                                                                                    |
| 11 | Community Contact Centre | Cash handling and risk of theft by public or staff.                    | Low/High                          | <ul style="list-style-type: none"> <li>- Financial Implications</li> </ul>                                                                                                                                                         | <ul style="list-style-type: none"> <li>- EM People, Customer and Business Support</li> <li>- Corporate Customer Services Manager</li> <li>-</li> </ul> | <ul style="list-style-type: none"> <li>- Cash theft prevention systems in place</li> <li>- Effective monitoring and auditing</li> <li>- Use of CCTV systems as evidence and protection for staff.</li> </ul>                                                                                                                                                                   | - Insurance                                                                                          |
| 12 | Community Contact Centre | Total systems failure                                                  | Low/High                          | <ul style="list-style-type: none"> <li>- Reputation undermined</li> <li>- Customer dissatisfaction</li> </ul>                                                                                                                      | <ul style="list-style-type: none"> <li>- EM People, Customer and Business Support</li> <li>- Corporate Customer</li> </ul>                             | <ul style="list-style-type: none"> <li>- Business Continuity Plan - Linked to IT recovery plan</li> <li>- Manual processes implemented</li> <li>- Phone system alternative – use at Muriel Matters House albeit with reduced capacity.</li> </ul>                                                                                                                              | - Firmstep software is hosted on industry leading platform with stringent contractual SLA to recover |

**OPERATIONAL RISK REGISTER**

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|  | <b>Service</b> | <b>Potential Risk</b> | <b>Risk Rating<br/>(Likelihood /<br/>Impact)</b> | <b>Potential Impact</b> | <b>Responsibility<br/>for controls</b> | <b>Risk avoidance</b> | <b>Risk mitigation</b> |
|--|----------------|-----------------------|--------------------------------------------------|-------------------------|----------------------------------------|-----------------------|------------------------|
|  |                |                       |                                                  |                         | Services<br>Manager                    |                       | service.               |

## OPERATIONAL RISK REGISTER

March 2019

### Corporate Services and Governance

Service: IT

|   | Service | Potential Risk          | Risk Rating (Likelihood / Impact) | Potential Impact                                                    | Responsibility for controls | Risk avoidance                                                                                                                                                                                                                                               | Risk mitigation |
|---|---------|-------------------------|-----------------------------------|---------------------------------------------------------------------|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| 1 | IT      | Failure of IT equipment | Low / High                        | - Very serious impact in short term for all services<br>Medium/High | IT Manager                  | - Alternative and backup services being provided, regular backup off-site of data, 'loop' of resilient private Servers now 'virtualised', second email server and internet feed provided at Town Hall, other risks mitigated through improved recovery times | -               |

## OPERATIONAL RISK REGISTER

March 2019

### Operational Services Directorate

**Service: ENVIRONMENT and PLACE UPDATED VERSION SENT TO MIKE ON 14/12/18 – NO CHANGES EXCEPT FOR CLIFFS – BIENNIAL CHANGED TO BIENNIAL – AND COMMUNITY SAFETY SECTION WHICH JOHN WHITTINGTON HAS UPDATED**

| Service Area                                           | Potential Risk                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Risk Rating<br>(Likelihood / Impact)                                  | Potential Impact                                           | Responsibility for controls                                                                                             | Risk avoidance                                                                                                                                                                                                                                                                                                                                                                                                             | Risk mitigation |
|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| Environment and Place Service - General<br><br>Page 67 | <p>Loss of corporate IT hardware due to fire, flooding, power outage etc.</p> <p>This applies across the service e.g. Northgate M3 database is an important part of work allocation (when inspections are due, which licences need to be renewed etc). Handhelds are linked to the Parking database (PCNs could not be issued). Waste service is linked to Kierway (Kier Contractor's online database).</p> <p>Council does not have a set of duplicate hardware, alternative power source or contract for emergency power generators.</p> | <p>Short term:<br/>Low / Low</p> <p>Medium term:<br/>Low / Medium</p> | Loss of access to data<br>Interruption to service delivery | Assistant Director in relation to IT hardware used by his services and their Business Continuity Planning arrangements. | <p>Laptops are now standard issue throughout these services rather than pcs. This gives a greater degree of resilience and flexibility. Therefore, in the event of an incident affecting Muriel Matters House, once IT established new temporary servers etc. we could operate reasonably well from the back up on our various IT systems.</p> <p>Also, have basic Business Continuity Planning arrangements in place.</p> |                 |



## OPERATIONAL RISK REGISTER

March 2019

Operational Services Directorate

Service: **HOUSING**

|   | Service         | Potential Risk                                                              | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                                                                                | Responsibility for controls                    | Risk avoidance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Risk mitigation |
|---|-----------------|-----------------------------------------------------------------------------|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| 1 | All Housing     | Failure to meet key performance targets                                     | Medium /Medium                    | <ul style="list-style-type: none"> <li>• Increased costs</li> <li>• Reputation undermined</li> <li>• Legal challenge</li> <li>• Public impact</li> <li>• Inequality of public access</li> </ul> | Assistant Director H&BE                        | <ul style="list-style-type: none"> <li>• Service monitoring through weekly team meetings</li> <li>• Quarterly review and reports of key indicators/targets through Performance Review meetings</li> <li>• Service reviews (Housing Services Review, Housing Strategy review , homelessness strategy revision, allocations review, revised renewal financial assistance and enforcement policies)</li> <li>• Consideration of contingency plans/budgets through management team meetings &amp; budget review meets.</li> <li>• Business continuity planning &amp; risk assessments</li> <li>• Alternative delivery models (e.g. Coastal Space initiative, Social Lettings agency, Licencing &amp; Compulsory Purchase Order programme)</li> </ul> |                 |
| 2 | Housing Options | Failure to manage the impact of changes in the law and/or government policy | High / Medium                     | <ul style="list-style-type: none"> <li>• Increased Service demand</li> <li>• Additional legal duties increase workloads</li> <li>• Legal challenge</li> <li>• Reputation undermined</li> </ul>  | Assistant Director H&BE<br><br>Options Manager | <ul style="list-style-type: none"> <li>• Maintain/raise corporate awareness through Performance Review/ Scrutiny/Cabinet etc</li> <li>• Regular stakeholder engagement through strategic liaison meetings with main Social Landlords (Optivo) Housing and Support Service meetings &amp; Private Landlord forums.</li> <li>• Engagement with the Department for</li> </ul>                                                                                                                                                                                                                                                                                                                                                                       |                 |

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|   | Service           | Potential Risk                                                              | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                                                                                  | Responsibility for controls                                          | Risk avoidance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Risk mitigation                                                                       |
|---|-------------------|-----------------------------------------------------------------------------|-----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
|   |                   | initiatives (e.g. impact of welfare benefit changes on homelessness levels) |                                   | <ul style="list-style-type: none"> <li>Increased expenditure</li> <li>Quality of service</li> <li>Public health &amp; wellbeing</li> </ul>                                                        |                                                                      | <p>Works and Pensions and Universal Credit colleagues to raise operational barriers and find solutions.</p> <ul style="list-style-type: none"> <li>New Housing and Homelessness Strategies were introduced, summer 2016</li> <li>Policy reviews of Allocations during 2017/18</li> <li>Impact &amp; risk assessments</li> <li>Improvements in cross team /service cooperation (e.g. Housing /Housing Benefit team action Plan)</li> <li>Annual update of anti-poverty strategy &amp; action plan</li> </ul> |                                                                                       |
| 3 | Housing (Renewal) | Failure to meet housing licensing targets                                   | Med/Med                           | <ul style="list-style-type: none"> <li>Reputation undermined</li> <li>Unmet targets</li> <li>Impact upon staffing</li> <li>Impact upon public health/wellbeing</li> <li>Financial cost</li> </ul> | Assistant Director H&BE<br><br>Renewal Manager                       | <ul style="list-style-type: none"> <li>Delivery Team produced action plan in place to meet targets, encompassing existing and new targeted properties.</li> <li>Mid-term review and impact assessment and review scheduled to re-profile income levels.</li> </ul>                                                                                                                                                                                                                                          |                                                                                       |
| 4 | All Housing       | Failure to manage customer expectations                                     | Low / Medium                      | <ul style="list-style-type: none"> <li>Reputation undermined</li> <li>Disengagement &amp; demoralisation of staff</li> <li>Customers</li> </ul>                                                   | Assistant Director H&BE and Planning Services<br><br>Renewal Manager | <ul style="list-style-type: none"> <li>Communication strategy to include training for local organisations, information sharing, myth busting, promoting awareness of early intervention to prevent homelessness, promoting Private Rented Sector accommodation</li> <li>Monitoring and review of statistics</li> </ul>                                                                                                                                                                                      | <ul style="list-style-type: none"> <li>Compliments and Complaints analysis</li> </ul> |

## OPERATIONAL RISK REGISTER

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|   | Service         | Potential Risk                                      | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                                                                                                                    | Responsibility for controls             | Risk avoidance                                                                                                                                                                                                                                                                                                                                                                   | Risk mitigation                                                                                                                                            |
|---|-----------------|-----------------------------------------------------|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
|   |                 |                                                     |                                   | <ul style="list-style-type: none"> <li>dissatisfaction</li> <li>Legal challenges</li> <li>Adverse impact on partnership cost</li> </ul>                                                                                             | Options Manager                         | <ul style="list-style-type: none"> <li>Involve / empower customers</li> <li>Regularly monitor customer satisfaction questionnaires, reporting at management meetings and take restorative steps where necessary if issue identified.</li> </ul>                                                                                                                                  |                                                                                                                                                            |
| 5 | All Housing     | Health and Safety                                   | Medium / High                     | <ul style="list-style-type: none"> <li>Accidents to staff resulting in time lost</li> <li>Enforcement action by Health &amp; Safety Executive against the Council</li> <li>Civil action by employees against the Council</li> </ul> | All Managers<br><br>Buildings Manager   | <ul style="list-style-type: none"> <li>Training and development programmes</li> <li>Risk Assessment</li> <li>Flexible working practices implemented and risk assessed</li> <li>Review of accidents and dangerous occurrences at Monthly Managers Meetings</li> <li>Regularly review at Team Meetings</li> </ul>                                                                  | <ul style="list-style-type: none"> <li>Management trail of all actions taken and demonstrating best practice to reduce the effect of litigation</li> </ul> |
| 6 | All Housing     | Loss of key staff and members- Knowledge Management | Medium / Medium                   | <ul style="list-style-type: none"> <li>Statutory targets not met</li> <li>Key priorities and projects not met</li> <li>Loss of skills and knowledge</li> </ul>                                                                      | All Managers<br>Assistant Director H&BE | <ul style="list-style-type: none"> <li>Housing Services Review undertaken &amp; new implementation plan in place</li> <li>Succession Planning</li> <li>documentation of systems, plans, procedures and projects</li> <li>Training and development programmes</li> <li>Induction programme</li> <li>Career Grade Structure in place</li> <li>Retention Policy in place</li> </ul> | <ul style="list-style-type: none"> <li>Agency staff</li> </ul>                                                                                             |
| 7 | Housing Renewal | Failure to maintain delivery in the                 | Low /High                         | <ul style="list-style-type: none"> <li>Targets not met</li> <li>Posts at risk</li> <li>Increased risk of</li> </ul>                                                                                                                 | Assistant Director H&BE                 | <ul style="list-style-type: none"> <li>Funding and/or support for other partners such as YMCA, Town team in place.</li> <li>Renewal Area status extended for 5 years.</li> <li>Project team and communication plan in</li> </ul>                                                                                                                                                 |                                                                                                                                                            |

## OPERATIONAL RISK REGISTER

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|   | Service         | Potential Risk                                                                    | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                                                                                                                                                                                                                                                                                                                                              | Responsibility for controls                                         | Risk avoidance                                                                                                                                                                                                                                                                                                                                                                                         | Risk mitigation |
|---|-----------------|-----------------------------------------------------------------------------------|-----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
|   |                 | Housing Renewal Area- Coastal Space (based on the original Neighbourhood Renewal) |                                   | <ul style="list-style-type: none"> <li>• homelessness</li> <li>• Standards and management in the Private Rented Sector decline</li> <li>• Reputation undermined</li> <li>• Legal challenge</li> <li>• Poor housing stock</li> <li>• Impact on regeneration objectives and deprivation increases</li> <li>• Public health &amp; wellbeing</li> <li>• Key priorities and projects not met</li> <li>• Financial burden on the organisation</li> <li>•</li> </ul> | Renewal Manager                                                     | <ul style="list-style-type: none"> <li>• place</li> <li>• Strategic group oversee project</li> <li>• Proactive Enforcement Programmes operational in the 7 streets</li> <li>• Business continuity planning &amp; risk assessments undertaken</li> <li>• Marketing &amp; Publicity exercises carried out</li> </ul>                                                                                     |                 |
| 8 | Housing Options | Failure to secure affordable housing solutions to prevent rising numbers of       | Med/Med                           | <ul style="list-style-type: none"> <li>• Rise in homeless applications</li> <li>• Increased levels of spending on B&amp;B</li> <li>• Increased levels of rough</li> </ul>                                                                                                                                                                                                                                                                                     | Assistant Director H&BE and Planning Services Housing Needs Manager | <ul style="list-style-type: none"> <li>• Recommendations of the Shelter service review completed and kept under review</li> <li>• Regular stakeholder engagement through strategic liaison meetings with main Social Landlords (Optivo) Housing and Support Service meetings, Private Landlord forums.</li> <li>• Allocations Policy review 2017/18</li> <li>• New Housing and Homelessness</li> </ul> |                 |

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|    | Service         | Potential Risk                                                                                                                           | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                                                                                                                                                                    | Responsibility for controls                                         | Risk avoidance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Risk mitigation |
|----|-----------------|------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
|    |                 | homeless households.                                                                                                                     |                                   | sleeping and associated ASB <ul style="list-style-type: none"> <li>• Legal challenges</li> <li>• Reputation undermined</li> </ul>                                                                                                                                                   |                                                                     | Strategies were introduced, summer 2016 <ul style="list-style-type: none"> <li>• The Housing and Wellbeing Hub reviewed quarterly with Clinical Commissioning Group and associated partners.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                  |                 |
| 9  | Housing Options | The Social Lettings Agency unable to offer Landlords a new tenancy management service to replace the Private Sector Leasing (PSL) scheme | Med/Med                           | <ul style="list-style-type: none"> <li>• Increased risk of homelessness</li> <li>• Impact on regeneration objectives and deprivation increases</li> <li>• Key Corporate priority not met</li> <li>• Standards and management in the Private Rented Sector do not improve</li> </ul> | Assistant Director H&BE and Planning Services Housing Needs Manager | <ul style="list-style-type: none"> <li>• Research &amp; Financial feasibility study carried out</li> <li>• End of year review submitted to Cabinet in July 2017 outlining the need for a scheme to replace the existing PSL scheme. Additional resources identified to explore viability of a tenancy management service to replace the PSL scheme and present a business case to submit for Cabinet. Cross-departmental working group to be formed to support a business case to Cabinet for a replacement tenancy management scheme</li> <li>• Risk assessment carried out and reported to Cabinet and CMG.</li> </ul> |                 |
| 10 | Housing Options | Failure to meet commitment to resettle                                                                                                   | Med/Low                           | <ul style="list-style-type: none"> <li>• Publicly stated commitment not met</li> <li>• The needs of vulnerable</li> </ul>                                                                                                                                                           | Assistant Director H&BE and Planning Services Housing Needs         | <ul style="list-style-type: none"> <li>• East Sussex D&amp;Bs to continue funding dedicated SRP coordinator for East Sussex</li> <li>• Consult and work in partnership with the South East Strategic Partnership for</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                          |                 |

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|    | Service         | Potential Risk                                                                                                            | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                                                                                                                                  | Responsibility for controls                                    | Risk avoidance                                                                                                                                                                                                                                                                         | Risk mitigation |
|----|-----------------|---------------------------------------------------------------------------------------------------------------------------|-----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
|    |                 | 100 vulnerable Syrians by 2020 as part of the Syrian Resettlement Programme (SRP).                                        |                                   | people are not met                                                                                                                                                                                                                                | Manager                                                        | Migration <ul style="list-style-type: none"> <li>• Project Plan and risk register to be kept under review</li> <li>• Project Plan oversight from the East Sussex Housing Officer Group (ESHOG)</li> <li>• ESHOG led review of operations to be undertaken during Q4 2016/17</li> </ul> |                 |
| 11 | Housing Renewal | Delivery of European Funded Projects – Climate Active Neighbourhoods and Sustainable Housing in Inclusive neighbourhoods. | Med/Low                           | <ul style="list-style-type: none"> <li>• Change in Euro exchange rate will effect need to match fund</li> <li>• Publically stated commitment to project not met</li> <li>• Impact on regeneration objectives and deprivation increases</li> </ul> | Assistant Director H&BE<br><br>Renewal Manager                 | <ul style="list-style-type: none"> <li>• Regular Steering Group Meetings</li> <li>• Project specific risk register maintained</li> <li>• Euro exchange rate monitored</li> <li>• Funding profile adjusted following every claim</li> </ul>                                             |                 |
| 12 | Housing Options | Council Budgets put at risk due to failure to                                                                             | High/Med                          | <ul style="list-style-type: none"> <li>• Reduced income from B&amp;B placements</li> <li>• Increased use</li> </ul>                                                                                                                               | Assistant Director H&BE and Planning Services<br>Housing Needs | <ul style="list-style-type: none"> <li>• Maintain/raise corporate awareness through Performance Review/ Scrutiny/Cabinet etc.</li> <li>• Member/Snr Officer support to lobby Government of the impact of the Universal</li> </ul>                                                      |                 |

## OPERATIONAL RISK REGISTER

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|    | Service         | Potential Risk                                                                                                                                          | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                                                                                                          | Responsibility for controls                                         | Risk avoidance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Risk mitigation |
|----|-----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
|    |                 | secure payments for Bed & Breakfast (B&B) placements and SLA tenancies as a result of the introduction of Universal Credit to Hastings in December 2016 |                                   | of resources and officer time                                                                                                                                                                                             | Manager                                                             | <p>Credit changes on Local Authority TA Budgets</p> <ul style="list-style-type: none"> <li>• Regular engagement with Housing Benefit and stakeholder partners to understand ongoing changes to Universal Credit</li> <li>• Weekly meetings with applicants in B&amp;B to check the status of Universal Credit applications online</li> <li>• Regular contact with other Universal Credit pilot areas to share knowledge and best practice</li> <li>• Internal HBC Operational Working Group created to oversee the impact of welfare reform on Council services: meeting twice monthly during 2016/17 &amp; 2017/18</li> <li>• Housing Needs Manager, AD and Chief Finance Officer to form group in summer 2017 to review current challenges and barriers to maximising Universal Credit income from B&amp;B and SLA</li> </ul> |                 |
| 13 | Housing Options | The introduction of the Homelessness Reduction Bill as an Act (HRA) creates additional statutory duties for LAs, the                                    | Med/High                          | <ul style="list-style-type: none"> <li>• Workloads increase significantly and ability to prevent homelessness is reduced</li> <li>• Reduced staff morale and increased workloads and levels of stress/sickness</li> </ul> | Assistant Director H&BE and Planning Services Housing Needs Manager | <ul style="list-style-type: none"> <li>• Additional resources secured via the Flexible Homelessness Support Grant (limited to 2017/18 &amp; 2018/19) to help meet potential increased demand and workload from introduction of HRA</li> <li>• Await Govt. announcement on 'New Burdens Funding' help meet the cost of introducing the HRA for 2017/18 &amp; 2018/19 before April 2018.</li> <li>• Continue to work with East Sussex D&amp;Bs to explore using external specialist advice to assist in designing new operational policies and procedures to meet HRA</li> </ul>                                                                                                                                                                                                                                                  |                 |

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|    | Service         | Potential Risk                                                                  | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                                                                                                                                         | Responsibility for controls                                         | Risk avoidance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Risk mitigation |
|----|-----------------|---------------------------------------------------------------------------------|-----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
|    |                 | implementation of which may not be adequately funded by Government              |                                   | <ul style="list-style-type: none"> <li>Rise in homeless applications</li> <li>Increased levels of spending on B&amp;B</li> <li>Increased levels of rough sleeping and associated ASB</li> <li>Legal challenges</li> <li>Reputation undermined</li> </ul> |                                                                     | <p>duties</p> <ul style="list-style-type: none"> <li>Continue to work with Department for Communities and Local Government and the National Practitioner Service (NPS) to design service delivery which ensures we are HRA compliant</li> <li>Maintain/raise corporate awareness through Performance Review/Scrutiny/Cabinet etc.</li> <li>Internal working group formed with operational team leaders, the Transformation team and current software providers to monitor the impact of the Act and assess the detail of the changes and the impact of it on the service</li> <li>Attend East Sussex Housing Officers Group (ESHOG) sub-group meeting to understand implications of the Act and develop a coordinated approach to managing its impact on services</li> <li>Monitor staff morale through 121s and consultation with POD</li> </ul> |                 |
| 14 | Housing Options | Delivery of the Clinical Commissioning Group (CCG) funded Housing and Wellbeing | Med/Low                           | <ul style="list-style-type: none"> <li>Publically stated commitment to project not met</li> <li>Rough sleeping and associated street activities increases</li> <li>Failure to improve the health</li> </ul>                                              | Assistant Director H&BE and Planning Services Housing Needs Manager | <ul style="list-style-type: none"> <li>Regular Project Board meetings with operational Hub members and the CCG</li> <li>Quarterly returns and reports produced for CCG Board</li> <li>Project risk register maintained</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                 |

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|    | Service         | Potential Risk                                                                                 | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                                                               | Responsibility for controls                                               | Risk avoidance                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Risk mitigation |
|----|-----------------|------------------------------------------------------------------------------------------------|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
|    |                 | Hub Project                                                                                    |                                   | outcomes and housing outcomes for rough sleepers and the street community                                                                                                      |                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                 |
| 15 | Housing Options | Delivery as lead partner of Sussex-wide Rough Sleeper Prevention Project, funded by the MHCLG. | Low/Med                           | <ul style="list-style-type: none"> <li>• Publically stated commitment to project not met</li> <li>• Failure to meet project outputs against payments from the MHCLG</li> </ul> | ESHOG Assistant Director H&BE and Planning Services Housing Needs Manager | <ul style="list-style-type: none"> <li>• Project Core Group to meet monthly and monitor project outputs against target</li> <li>• Project Core Group to keep MHCLG updated of project progress including project risks</li> <li>• Work with Legal and Finance colleagues to produce an MoFU between partners to ensure payments made by HBC to partners are done so against outputs being achieved</li> <li>• Budget review meetings with Finance colleagues</li> </ul> |                 |

## OPERATIONAL RISK REGISTER

March 2019

Operational Services Directorate

Service: **PLANNING AND DEVELOPMENT**

|   | Service                | Potential Risk                      | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                                             | Responsibility for controls | Risk avoidance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Risk mitigation                                                                                  |
|---|------------------------|-------------------------------------|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| 1 | Development Management | Error in making a Planning Decision | Medium/Medium                     | <ul style="list-style-type: none"> <li>- Financial implications – judicial review, legal cost &amp; compensation</li> <li>- Reputation undermined</li> </ul> | Section Manager             | <p>There are procedures in place to monitor progress on a number of levels as applications progress. There is close supervision of staff by Senior Planners, and the Development Manager. This is facilitated through casework meetings, one to one meetings and checking of delegated and committee reports.</p> <p>This is reliant on experienced and qualified staff and adequate capacity for the workload. A review of the service identified a shortfall in planning staff. Positions have been created to address this shortfall.</p> |                                                                                                  |
| 2 | Development Management | Lose Planning Appeal decision       | Low/Medium                        | - Reputation undermined                                                                                                                                      | Section Manager             | This is reliant on experienced and qualified staff that remain up to date with current guidance and                                                                                                                                                                                                                                                                                                                                                                                                                                          | Thorough 'post mortem' taken on all lost appeal decisions and learning actions then implemented. |

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|   | Service      | Potential Risk                                                                                       | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                                  | Responsibility for controls | Risk avoidance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Risk mitigation |
|---|--------------|------------------------------------------------------------------------------------------------------|-----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
|   |              |                                                                                                      |                                   | - If costs awarded maybe financial implications                                                                                                   |                             | <p>policy through continuing professional development and this is the case at present.</p> <p>It is important that Planning Committee Members are trained and understand the consequences of refusing planning consent. A programme of training each quarter is already in place. The quality of decisions to some extent rests on the capacity of each planning officer to spend the right amount of time on each application in order to strengthen arguments and write well justified reports. Positions have been created to address this shortfall.</p> |                 |
| 3 | Conservation | <p>Error in managing &amp; processing Conservation Grant schemes</p> <p>Merging of grant officer</p> | Low/Medium                        | <p>- Financial implications</p> <p>- Reputation undermined</p> <p>- Delay in providing decisions within timeframe. Refund of application fees</p> | Principal Planning Officer  | It is suggested in respect of the Development Management side of the role that the money arising from increased planning application fees, ring fenced to planning (DM) could be spent on an additional part time                                                                                                                                                                                                                                                                                                                                            |                 |

## OPERATIONAL RISK REGISTER

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|  | Service | Potential Risk                                                                                                                                                                                                               | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                                                                                                         | Responsibility for controls | Risk avoidance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Risk mitigation |
|--|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
|  |         | <p>and conservation officer roles. Conservation officer role is 2.25 days a week. This is not sufficient to be able to make timely comments in respect of applications or to allow time to assist with council projects.</p> |                                   | <p>This will and has led to complaints and affects the speed with which decisions are made. Time delays in decisions could ultimately affect our ability to meet council targets and at worst could mean designation</p> |                             | <p>conservation officer. This would address concerns in respect of delays/ complaints/designation.</p> <p>There are procedures in place to process grant applications to ensure that errors in managing and processing are minimised. Experienced and qualified staff vet applications in detail.</p> <p>Grant offers are dependent on competitive tender submissions being closely scrutinised by Council staff.</p> <p>Close monitoring of progress of the work is undertaken by Council staff to ensure acceptable quality and detail is achieved. Stage payments are made as the work progresses only on production of paid invoices. Final payments are held back until the work is satisfactorily completed.</p> |                 |

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|   | Service                                       | Potential Risk                               | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                                                             | Responsibility for controls | Risk avoidance                                                                                                                                                                                                                                                                                                                                | Risk mitigation                                 |
|---|-----------------------------------------------|----------------------------------------------|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
|   |                                               |                                              |                                   |                                                                                                                                                                              |                             | The Townscape Heritage Initiative for Central St Leonards funded mainly by Heritage Lottery and the Council will be externally audited by Heritage Lottery at the end of scheme.                                                                                                                                                              |                                                 |
| 4 | Development Management and Local Land Charges | Financial management – mislay incoming money | Low / Medium                      | <ul style="list-style-type: none"> <li>- Financial implications</li> <li>- Pressure on resources trying to rectify situation</li> <li>- Reputation undermined</li> </ul>     | Section Manger              | There is a corporate procedure to record incoming payments. This procedure has been regularly audited.                                                                                                                                                                                                                                        |                                                 |
| 5 | Development Management                        | Incorrect information comes from call centre | Low / Medium                      | <ul style="list-style-type: none"> <li>- Impact on service delivery</li> <li>- Resources wasted</li> <li>- Reputation undermined</li> <li>- Possible compensation</li> </ul> | Section Manager             | A detailed searchable 'frequently asked questions' database has been created and uploaded onto the web site. Both should provide access to accurate information. New Contact Centre staff have one to one training as part of their induction on planning matters. There is a backup of staff members from the Development Management team to | Analysis of compliments and complaints received |

## OPERATIONAL RISK REGISTER

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|   | Service                                                        | Potential Risk                          | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                                              | Responsibility for controls                  | Risk avoidance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Risk mitigation |
|---|----------------------------------------------------------------|-----------------------------------------|-----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
|   |                                                                |                                         |                                   |                                                                                                                                                               |                                              | <p>provide support and guidance. The Development Management staff create a log of calls referred from the Contact Centre which is used by the Contact Centre Manager in weekly training sessions.</p> <p>Training for contact centre staff to take place in October 2016, further training took place in April 2017 and Nov 2017.</p> <p>Finally, the triage allows a much easier way for the contact centre to manage incoming calls without reference to the planning officers. It will also enable the contact centre to ask the correct questions and obtain the correct information</p> |                 |
| 6 | Development Management, Local Land Charges and Planning Policy | Lack of staffing / financial resilience | Medium/Medium                     | <ul style="list-style-type: none"> <li>- Inability to do the work</li> <li>- Unacceptable deficit</li> </ul> <p>Increased likelihood of errors leading to</p> | Assistant Director H&BE and Section Managers | <p>Procedures have been reviewed to ensure maximum efficiency.</p> <p>Development Management – planning officers:</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                 |

**OPERATIONAL RISK REGISTER**

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|  | Service | Potential Risk | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                                                                              | Responsibility for controls | Risk avoidance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Risk mitigation |
|--|---------|----------------|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
|  |         |                |                                   | <p>Judicial reviews/complaints/lost appeals and cost to authority<br/>Possible designation if speed of decisions is below government targets.</p> <p>Loss of Income to Local Land Charges</p> |                             | <p>Workloads to be monitored and reviewed In the event of significant under capacity.</p> <p>Review of planning service (04/2016) identified that the service is two staff short of what it should be. Positions have been created to address this shortfall however staff appointed have no relevant experience or training in planning. Furthermore, staff vacancies and absences continue to increase the likelihood of errors</p> <p>Local Land Charges:</p> <p>Cross trained staff across DM Admin team provides resilience to the Local Land Charges and planning application processes but this does put pressure on all admin staff. Search turn around times monitored to ensure that we do not exceed 10 working days as exceeding this would mean that we would not be competitive with the private</p> |                 |

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|   | Service                                       | Potential Risk             | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                                                                                                                                                                                                                   | Responsibility for controls     | Risk avoidance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Risk mitigation |
|---|-----------------------------------------------|----------------------------|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
|   |                                               |                            |                                   |                                                                                                                                                                                                                                                                                                                                    |                                 | sector search companies and may lose business to them as a result.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                 |
| 7 | Development management and Local Land Charges | Loss of data / information | Low / High                        | <p>- Impact on service delivery</p> <p>- Financial implications</p> <p>In some cases, it has become clear that important plans and elevations have been removed from paper copies of applications.</p> <p>This had resulted in additional money paid to consultants/barristers to establish legal positions arising from this.</p> | IT service and Section Managers | <p>Electronic data is backed up. The older paper based records are stored at the Council's Archive and there is no separate comprehensive backup of these. However, all decision notices have been scanned and kept electronically. There are electronic copies of plans dating from 1948 to 1971.</p> <p>In respect of the Local Land Charges Register, this is partially electronic, but mainly records are paper based and contained at Muriel Matters House. It is possible to recreate some of these records from the original sources if the current set were lost, although this would be extremely time consuming.</p> <p>All significant planning material received from 2003 is held electronically</p> |                 |

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|   | Service                                        | Potential Risk                                      | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                           | Responsibility for controls | Risk avoidance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Risk mitigation |
|---|------------------------------------------------|-----------------------------------------------------|-----------------------------------|------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
|   |                                                |                                                     |                                   |                                                                                                            |                             | <p>and as part of a programme to destroy redundant archived paper copies a check is being made against electronic records to ensure any missing documents are scanned.</p> <p>There is a need to ensure that staff are present when planning archive folders are viewed. At present admin officers are required to remain with visitors when viewing paper applications to overcome this issue.</p> <p>Because all objections are published online, if an objection is not received, or is incorrectly logged it is evident to the objector and they are able to draw the problem to our attention to correct it.</p> |                 |
| 8 | Development Management, Local Land Charges and | Injury of staff on site and in the work environment | Low / High                        | <ul style="list-style-type: none"> <li>- Potential litigation</li> <li>- Financial implications</li> </ul> | Section Managers and staff  | Corporate health and safety procedures are in place and are followed. Relevant training of staff is                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                 |

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March 2019

|    | Service                                       | Potential Risk                                           | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                        | Responsibility for controls | Risk avoidance                                                                                                                                                                                                                                                                                                                              | Risk mitigation                                         |
|----|-----------------------------------------------|----------------------------------------------------------|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
|    | Planning Policy                               |                                                          |                                   | <ul style="list-style-type: none"> <li>- Impact on service delivery</li> <li>- Reputation undermined</li> </ul>                         |                             | <p>undertaken regularly including lone working etc. Personal protection equipment is provided to staff.</p> <p>Staff on site have mobile phones and are required to report their whereabouts.</p> <p>Six monthly corporate health and safety reviews are undertaken, appropriate adjustments are made and these matters are documented.</p> |                                                         |
| 9  | Development Management and Local Land Charges | Loss of income due to changes in legislation and economy | Medium/High                       | <ul style="list-style-type: none"> <li>- Financial implications</li> <li>- Pressure on resources trying to rectify situation</li> </ul> | Assistant Director H&BE     | Close monitoring of performance is undertaken by the section managers and finance staff and this is reported to the Head of Service on a regular basis. Measures are undertaken to respond to any significant variation of actual income to budget.                                                                                         |                                                         |
| 11 | Building Control delivered by the Wealden     | Failure to deliver service                               | Low/High                          | <ul style="list-style-type: none"> <li>- Impact on service delivery</li> <li>- Financial implications</li> </ul>                        | Assistant Director H&BE     | Under the Partnership between Wealden DC and HBC to deliver the Building Control Service there is a                                                                                                                                                                                                                                         | Bring service back in-house or use contract specialists |

## OPERATIONAL RISK REGISTER

March 2019

|    | Service                               | Potential Risk                                                                | Risk Rating (Likelihood / Impact) | Potential Impact                                    | Responsibility for controls | Risk avoidance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Risk mitigation |
|----|---------------------------------------|-------------------------------------------------------------------------------|-----------------------------------|-----------------------------------------------------|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
|    | and Hastings Building Control Service |                                                                               |                                   | - Health and safety impact – unsafe buildings       |                             | contract which defines the procedures to change arrangements if required. The service performance will be monitored through agreed Performance Indicators contained in the Contract                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                 |
| 12 | Local Land Charges                    | Possibility of parts or all of the service being transferred to Land Registry | Med/High                          | - Financial Implications<br>- Staffing Implications | Section Manager             | <p>Monitor developments</p> <p>The transfer of the Local Land Charges Register function to Land Registry was given Royal Assent on 12<sup>th</sup> February 2015. Secondary legislation consultation was conducted in spring 2016 with implementation 2017. It is likely that nationally this may take until 2022 before the exercise is complete.</p> <p>It is still very unclear how this will work and what financial and resourcing impacts that this will have on the service however it appears that HBC will still be required to make the registrations into a national portal, but LLC1 payments would be made to Land</p> |                 |

## OPERATIONAL RISK REGISTER

March 2019

|    | Service           | Potential Risk                                    | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                                                                                                                                                                                                                                                                                                   | Responsibility for controls                 | Risk avoidance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Risk mitigation |
|----|-------------------|---------------------------------------------------|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
|    |                   |                                                   |                                   |                                                                                                                                                                                                                                                                                                                                                                                                                    |                                             | Registry. The LGA along with Land Registry are currently looking at the New Burden issue surrounding this.                                                                                                                                                                                                                                                                                                                                                                                                                              |                 |
| 13 | Planning Services | Failure to maintain CPO Programme for Empty Homes | Low/High                          | <ul style="list-style-type: none"> <li>• Targets not met</li> <li>• Staff at risk</li> <li>• Number of empty homes increase</li> <li>• Funding at risk (new homes bonus)</li> <li>• Reputation undermined</li> <li>• Legal challenge</li> <li>• Poor housing stock</li> <li>• Impact on regeneration objectives</li> <li>• Public health &amp; wellbeing</li> <li>• Key priorities and projects not met</li> </ul> | Assistant Director H&BE and Section manager | <ul style="list-style-type: none"> <li>• A revised job description has been drafted and agreed within which key stages are required to be met such as an annual empty homes report drafted ready for March cabinet.</li> <li>• training and development programmes</li> <li>• effective management of scheme</li> <li>• systems and procedures in place and reviewed</li> <li>• project team and communication plan in place</li> <li>• proactive targeting of long term empty homes</li> <li>• revised Empty Homes Strategy</li> </ul> |                 |

## OPERATIONAL RISK REGISTER

March 2019

### Regeneration and Culture

**Note:** Shaded in blue = also listed on Corporate Risk Register

| Service                                                         | Potential Risk                               | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                             | Responsibility for controls                                | Steps to mitigate risk, time frame for implementation and latest position                                                                                                                                                                                                                                  | Risk avoidance                                             |
|-----------------------------------------------------------------|----------------------------------------------|-----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|
| Marketing & Major Projects                                      | Major project fails                          | Low / High                        | Impact upon town's regeneration; potential financial risk                                                                                    | Marketing & Major Projects Manager                         | Robust project management, including community/stakeholder/investor engagement, and controls in place to identify/mitigate foreseeable risks                                                                                                                                                               | Expand project management team/buy in additional resources |
| Marketing & Major Projects                                      | Fish Fairs unsuccessful                      | Medium/Medium                     | - Reputation undermined<br>- Financial implications                                                                                          | Marketing & Major Projects Manager                         | - Regular officer and stakeholder meetings held<br>- Risk assessments undertaken in conjunction with professional colleagues and emergency services<br>Debrief/review after every event, with action taken as necessary                                                                                    | Increase level of investment in marketing and management   |
| Marketing & Major projects; Communications (Corporate Services) | Reputational risk of a bad PR story          | High / High                       | - Reputation undermined locally and nationally<br>- Resources used to deal with situation<br>- Staff morale declines<br>- Political fall-out | Marketing & Major Projects Manager; Communications Manager | - Weekly PR meetings held at senior level<br>- Senior politicians and officers aware of impact of bad PR<br>- Immediate damage limitation for bad stories, PR officer on call 24/7<br>- Very difficult to prevent a journalist writing a 'bad' story if they want :- and the damage is done once published | Not possible to avoid this risk                            |
| Seafront Concrete Structures (Resort Services)                  | Extensive deterioration or collapse.         | Low / High                        | Financial impact.<br>Danger to public safety.<br>Loss of amenity.<br>Reputation undermined.                                                  | Resort Manager                                             | Annual concrete inspections in place with programme of minor repairs.<br>Explore options for longer term refurbishment and investment.                                                                                                                                                                     | Increased investment in repairs programme.                 |
| Bathing Water Quality (Resort)                                  | Bathing water fails to meet new EU standards | Med / High                        | Loss of tourism income<br>Reputational damage                                                                                                | Asst Director E&P / Resort Manager                         | Project continuing with EA and Southern Water focusing on:                                                                                                                                                                                                                                                 | Continue working with partners to                          |

## OPERATIONAL RISK REGISTER

March 2019

| Service                                   | Potential Risk                                                                                                       | Risk Rating (Likelihood / Impact) | Potential Impact                                                                   | Responsibility for controls                      | Steps to mitigate risk, time frame for implementation and latest position                                                                                                                                                                                                                                                                                                                                                                                         | Risk avoidance                                                                            |
|-------------------------------------------|----------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------------------------------------|--------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| Services)                                 | Ownership and responsibility of Outfall Pipe                                                                         |                                   | Extensive operational coordination required.                                       |                                                  | Missed connections, sewer system faults, de-silting ponds, natural stream filtration and community engagement (HVA). Feasibility study will assess longer term protective options including long-sea outfall. Legal Services researching outfall pipe ownership issues.                                                                                                                                                                                           | address known problems. Capping/re-siting/lengthening of outfall pipe (Major investment)  |
| White Rock Theatre (Culture)<br>Page 90   | Infrastructure failure of equipment (e.g. sound system, boilers etc.). Audience numbers not maintained.              | Med / Med                         | Reputation undermined. HBC investment questioned. Financial impact.                | Assistant Director Regen & Culture / Lead Member | Monthly review of activities, results and plans. Close liaison with theatre manager. Changed focus of the quarterly report to also include activities for the next quarter. Audience numbers rising, particularly participation figures. Agreed annual maintenance plan, which is monitored on an ongoing basis and reviewed at quarterly meetings with operator. Sound system has been replaced. Boilers currently under investigation and may need replacement. | Replacement of old equipment Manage HQ to the lease with regards to building maintenance. |
| Cliff Railways (Resort Services)          | Mechanical failure.                                                                                                  | Low / Med                         | Financial impact. Danger to public safety. Loss of amenity. Reputation undermined. | Resort Manager                                   | Programme of inspections, testing and maintenance. Staff training and awareness. Local maintenance contract awarded                                                                                                                                                                                                                                                                                                                                               | Increase inspection programme and remedial actions.                                       |
| Hastings Museum and Art Gallery (Culture) | Loss of exhibits and damage to buildings due to theft, damage through fire, vandalism, alarm failure, staff failure. | Low / High                        | Financial loss. Loss of service (closure). Cultural loss. Reputation undermined.   | Museum & Cultural Development Manager            | Secure funding to improve security at the building Alarm contracts maintained. Staff trained. Procedures manual updated. Disaster Plan in place. Fire Risk Assessments completed                                                                                                                                                                                                                                                                                  | Upgrade building security and fire detection/prevention. Increase in staff capacity to    |

## OPERATIONAL RISK REGISTER

March 2019

| Service                                                     | Potential Risk                                                                                             | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                             | Responsibility for controls                | Steps to mitigate risk, time frame for implementation and latest position                                                                                                                                                                                                                                                                                                                                                                                                   | Risk avoidance                                                    |
|-------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|
|                                                             |                                                                                                            |                                   |                                                                                                                              |                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | prevent vandalism/theft                                           |
| Flood Risk Management & Coastal Protection(Resort Services) | Impact of severe weather.<br>Failure of defences.<br>Loss of Government Funding.                           | Med / High                        | Loss of life<br>Loss of amenity<br>Financial impact                                                                          | Resort Manager                             | Enhanced / cost effective revenue based maintenance programme to increase time frame for replacement of flood defences. Alternate funding streams identified via DEFRA and Environment Agency. Medium Term Plan used effectively and in close liaison with EA Flood Risk Management Team. Funding for MTP secured Hastings Multi Agency Flood Plan Implemented Externally funded (c£3m) flood defence scheme completed, strengthening the harbour arm and seafront defences | See mitigation - No other effective avoidance measures identified |
| Cliffs (Building Surveyors and Resort Services)             | Risk of landslide, landslip, rock falls and other natural hazards on both coastal cliffs and those inland. | Low / High                        | Loss of life / serious injury<br>Damage to property<br>Loss of access / amenity<br>Financial impact<br>Reputation undermined | Assistant Director E&P / Resort Manager    | Maintain existing controls in place (catch fences, signage, barriers)<br>Reporting system in place with other relevant stakeholders                                                                                                                                                                                                                                                                                                                                         | Bi annual inspection programme and remedial action                |
| Leisure Services externally funded projects                 | Reduction of external funding.                                                                             | High / high                       | Reduction or loss of services.<br>Reduction or loss of externally funded posts.<br>Failure to meet Physical                  | Leisure Development Manager / Leisure Team | We continue to submit external funding applications in order to sustain a range of leisure projects.                                                                                                                                                                                                                                                                                                                                                                        | No effective avoidance measures identified                        |

## OPERATIONAL RISK REGISTER

March 2019

| Service                                          | Potential Risk                                                               | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                                                                        | Responsibility for controls                                                         | Steps to mitigate risk, time frame for implementation and latest position                                                                                                                                              | Risk avoidance                                             |
|--------------------------------------------------|------------------------------------------------------------------------------|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|
| Page 92                                          | Failure to deliver as per external funding contractual agreements.           | Low / High                        | Activity Strategy targets and public expectations.<br><br>Claw back of external funding.<br>Reputation undermined.<br>Legal action.<br>Overspend.                                       | Leisure Development Manager / Leisure Team                                          | Regular monitoring and evaluation of projects to ensure performance. Regular reports to principal funding partners as per funding agreements. Regular liaison with funders.<br>Regular budget reviews inform spending. | Regular monitoring and evaluation of contractual delivery. |
|                                                  | Failure in duty of care to participants & staff.                             | Low / High                        | Impact on safety of individuals.<br>Legal action.<br>Reputation undermined.                                                                                                             | Leisure Development Manager / Leisure Team                                          | Risk assessments and procedures are systematically reviewed. Training in place.                                                                                                                                        | Increase rigour of risk assessments and ongoing monitoring |
| Leisure Management Contract with Freedom Leisure | Contract specification not fulfilled.                                        | Low/Med                           | Reduction in quality of service.<br>Potential impact of safety of participants/staff.<br>Reputation undermined                                                                          | Leisure Development Manager                                                         | Regular monitoring meetings, inspections and reports. Remedial actions, when necessary, agreed and followed up.                                                                                                        | Increase monitoring activity                               |
| Adventure Playground - Future (Leisure Services) | Failure to operate the Adventure Playground as per contractual requirements. | Low / Med                         | Loss or reduction of service.<br>Failure to meet Play Strategy targets.<br>Failure to meet public expectations.<br>Reputation undermined.<br>Injuries and accidents to staff and public | Leisure Development Manager / Play Development Officer in partnership with In2Play. | Regular monitoring meetings with In2Play, includes a focus on the overall funding plan. Funding is in place for 2017-18.<br><br>Revised lease still to be agreed                                                       | Increase monitoring activity                               |
| Duty of care to the Public (All Services)        | Failures of child protection.<br>Negligence in                               | Med / Med                         | Injury<br>Claims<br>Financial impact                                                                                                                                                    | Assistant Director / Service Managers                                               | All staff who have unsupervised access to children and vulnerable adults have advanced DBS checks in place.                                                                                                            | Risk assessments & periodic system                         |

## OPERATIONAL RISK REGISTER

March 2019

| Service                         | Potential Risk                                                                                                                                                                                            | Risk Rating<br>(Likelihood / Impact) | Potential Impact                                                                                                    | Responsibility for controls                                                                             | Steps to mitigate risk, time frame for implementation and latest position                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Risk avoidance                                                                                                   |
|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|
| Page 93                         | <p>maintaining assets.<br/>Out of date policies.<br/>Failure to ensure fully trained and competent staff.</p>                                                                                             |                                      | <p>Reputation undermined</p>                                                                                        |                                                                                                         | <p>Events/activities designed to minimise risk.</p> <p>Risk assessments &amp; periodic system of inspection in place for all park sites and buildings. Legionella, fire and asbestos risk assessments &amp; controls in place. Regular electrical inspections in place. Programme of asset maintenance work in place to maintain all assets. Policies reviewed regularly. Staff training needs assessed at performance reviews, including Health &amp; Safety updates. Contracts monitored with specific arrangements for H&amp;S reporting via monthly meetings.</p> | <p>of inspection in place for all park sites and buildings, and activities.</p>                                  |
| <p>Regeneration and Culture</p> | <p>Loss of EU funding programmes HBC is currently developing or pre signature due to BREXIT</p> <p>Loss of EU transnational programmes due to BREXIT and EU programmes no longer requiring UK partner</p> | <p>Low/Medium</p>                    | <p>Any programme in development/prior to signature with HBC as a partner (FLAG, CHART, DESTI-SMART all signed.)</p> | <p>Assistant Director Regen &amp; Culture / External Funding Manager / Economic Development Manager</p> | <p>Ongoing market intelligence gathering on managing authority advice regarding programmes. Development of a national Funding pipeline, aligning key priority areas to funding which is secure. Await news and consultation on the Shared Prosperity Fund</p> <p>13<sup>th</sup> AUGUST 2016 TREASURY STATEMENT<br/>All programmes which are signed prior to autumn statement will be guaranteed by UK government for programme life.</p> <p>16/5/2017 Update from MMO re EMFF<br/>All projects need to be committed by March 2019, and completed by Summer</p>       | <p>Lobby for UK govt funding to replace EU funding post Brexit.</p> <p>Respond to SPF consultation when open</p> |

## OPERATIONAL RISK REGISTER

March 2019

| Service                  | Potential Risk                                                                                                    | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                                                                                 | Responsibility for controls                            | Steps to mitigate risk, time frame for implementation and latest position                                                                                                                                                                                                                                                                                          | Risk avoidance                                                      |
|--------------------------|-------------------------------------------------------------------------------------------------------------------|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| Page 94                  |                                                                                                                   |                                   |                                                                                                                                                                                                  |                                                        | <p>2020</p> <p>Update on December 2017 UK/EU agreement confirms UK will remain in and have full access to all EU programmes up to 2020 (so can still apply in theory up to that date)</p> <p>Update April 2018<br/>ESF CHART agreement signed</p> <p>Update June 2018<br/>ERDF CHART agreement signed</p> <p>Update July 2018<br/>DESTI-SMART agreement signed</p> |                                                                     |
| Regeneration and Culture | Insufficient match funding for EU funded projects SHINE ,CAN, CHART, (FLAG –partner match), DESTI-SMART & UPSTRAW | Low / Medium                      | Risk of inability to deliver agreed EU projects if the match from HBC is no longer available (staff match and cash match). Potential underspend on FLAG & CHART projects if partner match short. | Regeneration Manager (jointly with lead service areas) | Ongoing monitoring of cross-council activity and regular updates to CMG / CAP and Cabinet. Alternative match identified if/when a commitment is undeliverable. FLAG & CHART to utilise Local Action Group network for suitably matched projects.                                                                                                                   | Redeploy staff from other activity to deliver/augment project teams |
| Regeneration and Culture | Lack of investment in local business and/or relocation of businesses out of UK because of BREXIT                  | Medium/High                       | Loss of jobs<br>Closure of key businesses                                                                                                                                                        | Economic Development Manager                           | <p>Hopeful that markets will settle and Bank of England supports the economy for businesses.</p> <p>June18 – market still in flux due to government and market uncertainty with regard to BREXIT.</p> <p>Risk of no deal Brexit being explored and</p>                                                                                                             | Grants/Loans to stimulate business investment/retention             |

## OPERATIONAL RISK REGISTER

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| Service                  | Potential Risk                                           | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                   | Responsibility for controls           | Steps to mitigate risk, time frame for implementation and latest position                                                                                                                                                                                                                                                                                                                                                                               | Risk avoidance                                                                                                                          |
|--------------------------|----------------------------------------------------------|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
|                          |                                                          |                                   |                                                                                                                                    |                                       | identified, through corporate risk register<br>Now CORPORATE risk.                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                         |
| Regeneration and Culture | Downturn in EU visitor trips                             | Medium/Medium                     | Reduced tourism spend<br>Tourism business closures                                                                                 | Marketing and Major Projects Manager  | KB reviewing visitor economy and will explore need for communication regarding visitor market once article 50 is evoked.                                                                                                                                                                                                                                                                                                                                | Increase marketing activity – EU and beyond                                                                                             |
| Regeneration and Culture | Stretched/ insufficient staff capacity                   | High / Medium                     | Failure to deliver corporate / contractual targets / unsound operational decision making / reputational and/or financial cost/loss | Assistant Director Regen & Culture    | Insufficient capacity within current staffing levels to effectively deliver all activities, including some externally funded programmes and associated increase in levels of stress. Mitigation measures: Secure external contractors as required to cover workload peaks, curtail/reduce activities of lesser priority. External consultants contracted to deliver work related to projects Use of external contractors will continue to be necessary. | Increase staff resource via external funding.<br><br>Realign staff resource to priority projects such as Bohemia and Income Generation. |
| Cultural Programme       | Failure to raise additional funds for 2018/19 programme. | Medium/High                       | Reduced impact, reputational damage                                                                                                | Museum & Cultural Development Manager | Council's financial commitment will continue to be used as leverage in external funding bids.. Provision of officer support for events/cultural activity organised by other bodies/groups The Coasters Network, funded through Arts Council England Strategic Touring Fund runs until 2018 and will be augmenting programming budgets for Stade Saturdays and the St Leonards Festival.                                                                 | Cultural programme will be tailored to fit within available budget. No other effective avoidance measures identified                    |
| Cultural Programme       | Failure to build strong local support for cultural       | Low/Medium                        | Reputational damage<br>Reduced impact of cultural                                                                                  | Museum & Cultural                     | Cultural Leaders Steering Group now well established and supportive of strategic                                                                                                                                                                                                                                                                                                                                                                        | Step up Cultural Leaders Steering                                                                                                       |

## OPERATIONAL RISK REGISTER

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| Service                   | Potential Risk                                                                   | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                            | Responsibility for controls           | Steps to mitigate risk, time frame for implementation and latest position                                                                                                                                                                                                                        | Risk avoidance                                                                                            |
|---------------------------|----------------------------------------------------------------------------------|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------|---------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
|                           | regeneration plans                                                               |                                   | regen ambitions                                                                                                             | Development Manager                   | approach to cultural regeneration. Maintenance of relationships with Arts Council and other influential organisations at a regional and national level. The new Music City focus has wide support from the cultural sector who has taken the lead on moving things forward.                      | Group activity. Increase staff capacity to engage with funders and local cultural organisations/community |
| Cultural Programme        | Failure to engage effectively with marketing/comms and the wider tourism sector. | Low/Medium                        | Reduction in the long term impact and sustainability of the investment and development of the creative and cultural sector. | Museum & Cultural Development Manager | Regular communication between Cultural Regen and Marketing teams.                                                                                                                                                                                                                                | See mitigation. No other effective avoidance measures identified                                          |
| External Funding activity | Over-commitment of Council resources on external funding opportunities           | Medium/High                       | Reputational damage<br>Financial costs                                                                                      | Assistant Director Regen & Culture    | Ongoing monitoring of cross-council activity and regular updates to CMG. CMG encouraged to review externally funded activity and commitments of staff/budget resources. Establishing priority areas of work to focus resources on. Drafting of External Funding Protocol to implement for 19/20. | Withdraw from funding programmes. CMG to monitor EF activity and allocate resources accordingly           |

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## OPERATIONAL RISK REGISTER

March 2019

| Service                                                                                            | Potential Risk                                                                   | Risk Rating (Likelihood / Impact) | Potential Impact                      | Responsibility for controls        | Steps to mitigate risk, time frame for implementation and latest position                                                                                                                | Risk avoidance                                                                                  |
|----------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|-----------------------------------|---------------------------------------|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| Production of the Town Centre & White Rock Area Action Plan and other Local Plan related documents | Work demands that are not programmed e.g. Neighbourhood Plans                    | High/High                         | Delay<br>Possible financial cost      | Assistant Director Regen & Culture | Review programmes for priority policy documents                                                                                                                                          | Increase staff capacity                                                                         |
|                                                                                                    | Changes to Planning Policy and Guidance                                          | Medium/High                       | Delay                                 |                                    | Reassess priorities through review of LDS                                                                                                                                                | No effective avoidance measures identified re govt policy changes – out of HBC's control        |
|                                                                                                    | Staff shortages e.g. unable to recruit, long term sick leave etc.                | Medium/High                       | Delay<br>Financial cost               |                                    | Subject to timing of absence, purchase expertise on short term basis via consultancy                                                                                                     |                                                                                                 |
|                                                                                                    | Requisite expertise or capacity not available in-house                           | Medium/Medium                     | Financial cost                        |                                    | Staff training/CPD<br>Purchase expertise on short term basis<br>Sharing expertise with other LPAs<br>Secure administrative assistance                                                    | Review work priorities alongside Local Plan Review                                              |
|                                                                                                    | Longer process times, especially due to high level of responses                  | Medium/Low                        | Delay                                 |                                    | Review programme and priorities                                                                                                                                                          |                                                                                                 |
| Coastal Communities Fund 4                                                                         | Delivery of the programme within the budget and timeframe work agreed with MHCLG | Medium / High                     | Delay<br>Financial cost<br>Reputation | Regeneration Manager               | Monitoring arrangements, and employment of dedicated staff.<br><br>All projects on target to meet outputs, spend grant funding and complete by final programme deadline of December 2019 | Working closely with partners and input of appropriate levels of resources to deliver projects. |
| Connecting Hastings and Rother Together (CHART) (see project specific risk)                        | Delivery of the programme within the budget and timeframe work agreed with MHCLG | Medium / High                     | Delay<br>Financial cost<br>Reputation | Economic Development Manager       | Monitoring arrangements, and employment of dedicated staff.<br><br>PD to update if needed                                                                                                | Working closely with partners and HBC cross council officers to ensure appropriate levels       |

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| Service                                              | Potential Risk                                                                                                   | Risk Rating (Likelihood / Impact) | Potential Impact                      | Responsibility for controls                           | Steps to mitigate risk, time frame for implementation and latest position                                                                                                                                                                                                                  | Risk avoidance                                                                                                                                                           |
|------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|-----------------------------------|---------------------------------------|-------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| register)                                            |                                                                                                                  |                                   |                                       |                                                       |                                                                                                                                                                                                                                                                                            | of resources and identification of match to deliver programme                                                                                                            |
| Hastings Fisheries Local Action Group<br><br>Page 98 | Delivery of the programme within the budget and timeframe work agreed with MMO                                   | Medium / High                     | Delay<br>Financial cost<br>Reputation | Economic Development Manager/External Funding Manager | Monitoring arrangements, and employment of dedicated staff to manage programme. Tracking of costs committed status report to Board alongside pipework of development projects.<br><br>Currently projects in pipeline will allocate underspend. Projects need to be approved by March 2019. | Working closely with external partners and HBC cross council officers to ensure appropriate levels of resources and identification of project match to deliver programme |
| Redesign and relaunch of 1066 Country Website        | Website redesign does not meet requirements<br><br>Continuing staffing resource not in place to maintain content | Low/high                          | Delay<br>Reputation<br>Financial cost | Marketing & major projects manager                    | Contract management of appointed web design company<br><br>Continue employment of staff resource to maintain content<br><br>Currently mid-redesign, launch due in Spring                                                                                                                   | Working closely with officers from Rother and appointed contractor to ensure design requirements are met                                                                 |

# Agenda Item 7



**Report to:** Audit Committee

**Date of Meeting:** 14 March 2019

**Report Title:** Proposed Internal Audit Plan 2019/20

**Report By:** Tom Davies  
Chief Auditor

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## **Purpose of Report**

To consider the proposed internal audit plan for 2019/20.

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## **Recommendation(s)**

- 1. That the Audit Committee approves the Internal Audit Plan 2019/20**

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## **Reasons for Recommendations**

To ensure that proper financial management arrangements and controls are in place and operating effectively in the Council.

Audit Committee approval of the Internal Audit plan provides clear authority for Internal Audit to discharge the assignments listed therein and enable monitoring of the efficiency and effectiveness of Internal Audit.

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## Introduction

1. The audit programme for 2019/20 has been produced after communication with Assistant Directors, Senior Managers and reference to the Council's agreed priorities. It includes both traditional areas of work and scope for flexibility in a changing work environment.
2. The approach to the audit of the fundamental financial systems changed thirteen years ago following the introduction of International Auditing Standards (IAS) adopted in Local Government in 2006. It remains a key requirement and the main aspect of this work is the need to identify, document and test fundamental financial systems in a particular way. Financial audit still remains the emphasis in the plan.
3. The Operational Risk Registers have been referred to.
4. The plan is developed in relation to planning assumptions reviewed annually and made in accordance with available days.
5. The plan is spread across, financial, operational, value for money and computer auditing. Information Communications Technology also receives a Public Service Network (PSN) audit by the Cabinet Office every 2 years.
6. The specific terms of reference for each audit will be agreed with the relevant Directors and Assistant Directors before commencement of each assignment.
7. As in previous years, audit carries out some ad-hoc work, some of which has and will continue to be significant. In 2019/2020, Internal Audit , will for example:
  - Be involved in the implementation of "Income Manager" - a system element of the new Unit4BW system, specifically for all the activities involved in the receipting of payments from a wide range of sources.
  - The Document Imaging Project
  - Contract Audit of final accounts
  - Progress Controls Assurance Mapping

|           | Fundamental and Financial Audits                                                             | Risk Reviews, Follow-up and Other                                                                       |
|-----------|----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| April     | Completion of Treasury Management                                                            | Pro-active fraud related work (including whistle blowing refresh and awareness)                         |
| May       | National Fraud Initiative matches                                                            |                                                                                                         |
| June      |                                                                                              | Review of Rent-Pro                                                                                      |
| July      | Council Tax Reduction                                                                        | Document Imaging Project                                                                                |
| August    | Main Accounting                                                                              |                                                                                                         |
| September |                                                                                              | Housing Deposits, Loans and Social Lettings                                                             |
| October   | Payroll                                                                                      | Information Governance (document handling)                                                              |
| November  |                                                                                              |                                                                                                         |
| December  | Post Implementation Review of ERP phase I (focused on system functionality)                  | Value for Money work (to be advised)                                                                    |
| January   |                                                                                              | Emerging Risks (to be advised)                                                                          |
| February  | International Auditing Standards Compliance work covering all Fundamental financial controls | ERP Segregation of Duties                                                                               |
| March     |                                                                                              | Annual Reporting – Annual Governance Statement, Audit Committee Report to Council and Annual Audit Plan |

| <b>Assignment</b>                                                               | <b>Reason</b>                                     | <b>Outline Scope</b>                                                                       |
|---------------------------------------------------------------------------------|---------------------------------------------------|--------------------------------------------------------------------------------------------|
| Completion of Treasury Management                                               | Core audit 2018/19                                | To complete the Treasury Management audit that was in progress over year end.              |
| Pro-active fraud related work (including whistle blowing refresh and awareness) | Audit request                                     | To complete review associated documents and deliver whistle blowing awareness.             |
| National Fraud Initiative matches                                               | Regulatory work                                   | To investigate the matches from the 2018/2019 National Fraud Initiative matching exercise. |
| Review of Rent-Pro                                                              | Management request                                | Review the Rent-Pro processes.                                                             |
| Council Tax Reduction                                                           | Cyclical regulatory - Expected by External Audit  | Comprehensive programme as per programme carried out in previous years.                    |
| Document Imaging Project                                                        | Audit request                                     | Post Implementation Review of the DIP project. .                                           |
| Main Accounting                                                                 | Cyclical regulatory - Expected by External Audit  | Comprehensive programme as per programme carried out in previous years.                    |
| Housing Deposits, Loans and Social Lettings                                     | Audit request                                     | To ensure that the Contract Register is complete, up to date and fit for purpose.          |
| Payroll                                                                         | Cyclical regulatory - Expected by External Audit. | Comprehensive programme as per programme carried out in previous years.                    |

|                                                                      |                                                  |                                                                                                                          |
|----------------------------------------------------------------------|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| Information Governance (document handling)                           | Management request                               | Review of controls over all sensitive document handling.                                                                 |
| Post Implementation Review of ERP phase I (focused on functionality) | Audit request                                    | To assess whether the council is achieving full functionality from the ERP system phase I.                               |
| ERP Segregation of Duties                                            | Audit request                                    | To examine password profiles on the integrated ERP system for potential conflict of interest or data protection reasons. |
| IAS Compliance work covering all fundamental financial controls      | Cyclical regulatory: External Audit requirement. | Carried out in accordance with the timescales set and with the audit programmes provided by External Audit.              |

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**Wards Affected**

None

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**Policy Implications**

Please identify if this report contains any implications for the following:

|                                       |     |
|---------------------------------------|-----|
| Equalities and Community Cohesiveness | No  |
| Crime and Fear of Crime (Section 17)  | No  |
| Risk Management                       | Yes |
| Environmental Issues                  | No  |
| Economic/Financial Implications       | No  |
| Human Rights Act                      | No  |
| Organisational Consequences           | No  |
| Local People's Views                  | No  |
| Anti-Poverty                          | No  |

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**Additional Information**

The following internal documents were used:

Operational Risk Register  
Planning assumptions  
Cyclical audit frequency document  
Resource planning paper

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**Officer to Contact**

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# Agenda Item 8



**Report to:** Audit Committee

**Date of Meeting:** 14 March 2019

**Report Title:** Chief Auditor's Summary Audit and Risk Report

**Report By:** Tom Davies  
Chief Auditor

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## **Purpose of Report**

To inform the Audit Committee of the key findings from the Cash & Bank and Section 106 agreement audits.

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## **Recommendation(s)**

**1. That the Audit Committee accepts the report.**

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## **Reasons for Recommendations**

To monitor levels of control within the organisation.

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## Summary Report to Audit Committee

### Cash & Bank

#### Audit Conclusion

##### Overall Audit Assessment: B – Satisfactory

Most controls are in place and work effectively. Improvements can be made to ensure all accounts controlling cash/cheque transactions are regularly reconciled. Further controls can be introduced to prevent errors when recording payments on Paye.Net and also to avoid cash/cheque collections being posted to incorrect income control accounts. Additional controls can be implemented to restrict the possibility of unauthorised amendments to the Unit4BW Finance System.

#### Key Findings

During the period 1st April 2017 to 31st March 2018, Hastings Borough Council received approximately £202 million from a wide variety of sources including Council Tax, Non Domestic Rates, government grants, treasury management transactions, external funding, land/property rentals and parking fees.

Income is received by a number of different service areas and from a variety of payment methods including cash/cheque; card payments by telephone and internet; and deposits directly into the Council's bank account.

The audit found that all accounts controlling the receipting and depositing of cash/cheque payments, have yet to be reconciled on the new Unit4BW system. It is important that control accounts are reconciled regularly, as this provides assurance that all income receipting transactions are matched with an associated payment into the Council's bank account.

The audit also found that cash receipting is not undertaken on the Paye.Net income management system on a daily basis in all service areas. Income that is not recorded on the system at the earliest opportunity could lead to potential instances of fraud and also errors when reconciling the cash takings.

The new Unit4BW Finance System was introduced in April 2018 and has now entered the Phase 2 development stage. However, the audit found that there are currently no formal internal procedures for reviewing, documenting and authorising any subsequent changes to the new finance system. Existing functionality issues are still being addressed by Finance Services or otherwise have been highlighted in this report.

Present plans within Phase 2 of the Unit4BW Finance System implementation involve the introduction of Income Manager, a new software function that replaces the current AIM system. The Paye.Net service will also be replaced by Unit4BW's Receipt Entry system.

A project is also underway to upgrade the existing hand-held Chip & PIN machines, as they will no longer be compatible with the new Income Manager software.

It is the intention of the project to ensure that all relevant service areas, responsible for receipting cash, have access to the Receipt Entry system. This will enable staff to input their own takings onto the system on a daily basis.

Audit are encouraged by the possibility of daily cash receipting facilities for all relevant staff and believe this will ensure the potential for fraud or accounting error to be further reduced.

## **Management Response**

The report and its findings are agreed.

## Summary Report to Audit Committee

### Section 106 agreements

#### Audit Conclusion

##### Overall Audit Assessment: B – Satisfactory

Controls have been added by the Planning Development & Enabling Officer to ensure that the S106 process is transparent and effectively monitored.

#### Key Findings

The numerous rules and regulations surrounding S106 agreements are complex and a full understanding of these is needed to ensure that all income due can be correctly identified. Officers administering S106 agreements are fully aware of these rules and account for the money correctly.

The Financial Accounts for the year ending 31 March 2018 were reviewed and the S106 reserves were agreed to the supporting working papers.

The original S106 spreadsheet has evolved into an Income Control spreadsheet and Expenditure Control spreadsheet to improve efficiency and transparency.

It is important that the S106 Control sheets are kept up to date and subject to regular review by a Finance Officer.

S106 training will be arranged for Councillors.

#### Management Response

We agree the report and have put an action plan in place to address the recommendations.

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**Wards Affected**

None

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**Policy Implications**

Please identify if this report contains any implications for the following:

|                                       |     |
|---------------------------------------|-----|
| Equalities and Community Cohesiveness | No  |
| Crime and Fear of Crime (Section 17)  | No  |
| Risk Management                       | Yes |
| Environmental Issues                  | No  |
| Economic/Financial Implications       | Yes |
| Human Rights Act                      | No  |
| Organisational Consequences           | No  |
| Local People's Views                  | No  |
| Anti-Poverty                          | No  |

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**Additional Information**

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**Officer to Contact**

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