

# Audit Committee Agenda

**Thursday, 14 November 2019 at 6.00 pm**

Council Chamber, Muriel Matters House, Breeds Place, Hastings, TN34 3UY.  
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# Agenda Item 3 Public Document Pack

## AUDIT COMMITTEE

30 JULY 2019

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

### 57. APOLOGIES FOR ABSENCE

None received.

### 58. DECLARATIONS OF INTEREST

None received.

### 59. MINUTES OF THE LAST MEETING

**RESOLVED** – (unanimously) that the minutes of the meeting held on 14 March 2019 be approved.

### 60. ANNUAL TREASURY MANAGEMENT OUTTURN REPORT 2018/19

The Chair brought this item forward on the agenda.

The Assistant Director, Financial Services and Revenues (Chief Finance Officer), presented a report to provide the Committee with an opportunity to scrutinise the Treasury Management activities and performance of the last financial year.

The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2018/19.

The Assistant Director informed the Committee that no recommendations have been made to amend the current Treasury Management Strategy though there may be in-year changes following the mid-year review of 2019/20 activity.

In response to a question regarding the increase in the Council's borrowing the Assistant Director advised that the Final Accounts 2018/19 include a breakdown of the capital expenditure in the year.

The Chair noted that with many large capital expenditure items being Part II it is difficult for backbench Councillors to understand where borrowing is being spent. In response the Assistant Director confirmed that more information can be provided in reports to Committee on the Capital Expenditure.

**RESOLVED** (unanimously) that:

**To consider the report – no recommendations are being made to amend the current Treasury Management Strategy as a result of this particular review.**

Reasons:

## AUDIT COMMITTEE

30 JULY 2019

To ensure that members are fully aware of the activities undertaken in the last financial year, that Codes of Practice have been complied with and that the Council's strategy has been effective in 2018-19.

Under the Code adopted the Full Council are required to consider the report and any recommendations made.

### **61. FINAL ACCOUNTS 2018/2019**

Items 61 and 62 were discussed by the Committee together.

The Assistant Director, Financial Services and Revenues (Chief Finance Officer) presented a report to approve the Statement of Accounts (2018-19) on behalf of the Council in accordance with the Accounts & Audit Regulations 2015.

The Accounts & Audit Regulations 2015 require the Council to approve the Statement of Accounts by the 31st July each year. The Audit Committee has delegated authority to approve the accounts on behalf of the Council.

The Chair thanked the finance team for their work.

### **RESOLVED (unanimously) that:**

**The draft Statement of Accounts be approved and a copy signed by the Chair of the Audit Committee in accordance with the Accounts & Audit Regulations 2015.**

#### Reasons:

Compliance with statutory requirements and good practice. The Council is accountable for the use of public money and continuously seeks to improve Value for Money.

### **62. GRANT THORNTON AUDIT COMPLETION REPORT- AUDIT FOR THE YEAR ENDED 31 MARCH 2019**

The Assistant Director, Financial Services and Revenues (Chief Finance Officer) submitted a report to consider the matters raised by the Council's external auditors, Grant Thornton, in respect of their Governance Report. This includes the audit opinion of the Council's 2018/19 accounts and their value for money assessment of the Council.

Darren Wells, Engagement Lead, Grant Thornton presented the external auditors report and took questions from the Committee. Darren thanked the Hastings Borough Council finance team for their patience in dealing with Grant Thornton's lines of inquiry. Darren explained that work is still in progress on some areas where further clarification is required. The Chief Accountant, Simon Jones, confirmed that the finance team had provided full responses to further queries.

The Committee discussed the audit completion report alongside the Final Accounts

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2018/19 (item 61).

The Chair asked why the funding shortfall was predicted to spike in 2020/21 and then decrease. The Assistant Director explained that the peak is primarily due to one-off costs, e.g. HBC elections, and income streams from 2020/21 onwards also contribute to the decrease in the funding shortfall.

In response to a question regarding the disabled facilities grant (DFG) reserve the Assistant Director informed the Committee that there is a need for the grant and that, whilst the process has been sped up, it still appears to take a very long time to provide the necessary assistance to those in need.

In response to a question regarding business rate relief for NHS hospitals the Assistant Director confirmed that an initial court hearing is set to be heard in early November 2019. If NHS hospitals are able to claim charitable status it will have a significant financial impact on local authorities and the claim for business rate relief would also be backdated.

In response to a question about the pension fund deficit the Assistant Director highlighted that the £41.6 million deficit is arrived at through a pre-determined methodology. The pension revaluation (undertaken every 2 years) is determined on another set of criteria and affects the annual contribution payable by the council. This valuation continues to recover any deficit identified.

### **RESOLVED (unanimously) that:**

**That the report and action plan be accepted.**

#### Reasons:

The Council's external auditors are required to submit a report to the Council's Audit Committee on any matters that are identified during their audit.

### **63. AUDIT COMMITTEE REPORT TO COUNCIL 2019**

The Chief Auditor presented a report to agree the Audit Committee report to Council on its annual review of the effectiveness of Internal Audit.

Regulation 6 of the Accounts and Audit Regulations (England) 2015 requires Local Authorities to conduct a review at least once a year of the effectiveness of its system of internal control and publish a statement on internal control each year with the authority's financial statements.

This Chief Auditor's report, which follows the format recommended by the Chartered Institute of Public Finance and Accountancy, sets out the review of internal control and the assurance gathering process as required by the statute and accompanying guidance.

The Chief Auditor explained that due to the timings of the accounts, it would be beneficial to include the Council's accounts for 2018/19, to provide Full Council with

## AUDIT COMMITTEE

30 JULY 2019

the latest version when they next meet in October.

### **RESOLVED (unanimously) that:**

**The Audit Committee Report 2018/19 is approved for presentation to Council (to include 2018/19 minor amendments).**

#### Reasons:

Regulation 6 of the Accounts and Audit Regulations (England) 2015 requires relevant bodies to conduct an annual review of the effectiveness of its system of internal audit and for a committee of the body to consider the findings.

### **64. OPERATIONAL RISK REGISTER- UPDATE REPORT**

The Chief Auditor presented a report to assure the Audit Committee that the Operational Risk Register will be submitted to the following meeting of the Committee.

The Operational Risk Register has been mainly updated but there are still areas requiring checking and review. A contributory factor in this delay is that there have been some changes in the Council recently, for example, the setting up of the Direct Service Organisation (DSO) and the change of waste contractor.

A review will take place again shortly before the next meeting to ensure they are current.

### **RESOLVED (unanimously) that:**

**That the report is noted.**

#### Reasons:

It was agreed at the Audit Committee meeting held on 14 March 2019 under minute 53, that the Operational Risk Register would be brought back to the July meeting. Whilst it has been largely updated, there are just a few parts still to be reviewed.

### **65. CHIEF AUDITOR'S SUMMARY AUDIT AND RISK REPORT**

The Chief Auditor presented a report to inform the Audit Committee of the key findings from the National Fraud Initiative (NFI) Data Matching Exercise.

The purpose of the National Fraud Initiative data matching exercise is to prevent and detect fraud, whilst also identifying potential errors caused by duplicate payments made to suppliers.

The NFI data matching exercise is conducted every two years and compares computer records held by Hastings Borough Council with data from organisations such as the Department for Work and Pensions (DWP), National Health Service, Companies House and other local authorities.

**AUDIT COMMITTEE**

**30 JULY 2019**

**RESOLVED (unanimously) that:**

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

**Reasons:**

To monitor levels of control within the organisation.

(The Chair declared the meeting closed at 8.01 pm)

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# Agenda Item 4



**Report to:** Audit Committee

**Date of Meeting:** 14 November 2019

**Report Title:** Grant Thornton Audit Findings Report for year ending 31 March 2019 – updated

**Report By:** Simon Jones  
Chief Accountant

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## **Purpose of Report**

The audit of the 2018/19 Financial Statements was ongoing on the 30<sup>th</sup> July 2019 when the initial Grant Thornton Audit Findings report was presented to Audit Committee. Grant Thornton have now concluded their audit and provided an updated Audit Findings Report.

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## **Recommendation(s)**

To agree the revised Audit Findings report for Hastings Borough Council for the year ending 31 March 2019.

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## **Reasons for Recommendations**

Compliance with statutory requirements and good practice. The Council is accountable for the use of public money and continuously seeks to improve Value for Money.

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## Statement of Accounts

1. The Financial Report and Statement of Accounts were previously presented to Audit Committee and approved on 30 July 2019.
2. As reported at the time there was outstanding audit work that needed completing which prevented External Audit (Grant Thornton) from signing their audit opinion. This audit work has now been concluded and the accounts were signed on 20 September 2019.
3. Grant Thornton has provided an updated Audit Findings Report and this is attached at Appendix A for information. Changes to the original report presented to this Committee are highlighted in yellow.
4. There have been no material changes to the Statement of Accounts approved on 30 July 2019 and therefore there is no need to reapprove the accounts.
5. The final version of the [Statement of Accounts 2018/19](#) has been placed on the Council's website.

## Timetable of Next Steps

6. Please include a list of key actions and the scheduled dates for these:

Action	Key milestone	Due date (provisional)	Responsible
Audit debrief meeting	Completion of audit and approval of Accounts by Audit Committee	31 January 2020	Chief Accountant / Grant Thornton

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## Wards Affected

None

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## Implications

Relevant project tools applied? Yes

Have you checked this report for plain English and readability? Yes. Flesch-Kincaid grade level 13.7.

Climate change implications considered? N/A

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	No
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 - Grant Thornton Audit Findings for Hastings Borough Council  
Year ended 31 March 2019  
Updated to September 2019

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### **Officer to Contact**

Simon Jones (Chief Accountant)  
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# The Audit Findings for Hastings Borough Council

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Updated to September 2019



# Contents



Your key Grant Thornton  
team members are:

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## Section

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3. Value for money
4. Independence and ethics

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## Appendices

- A. Action plan
- B. Audit adjustments
- C. Fees
- D. Audit Opinion

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. 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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# Headlines

This table summarises the key findings and other matters arising from the statutory audit of Hastings Borough Council ('the Council') and the preparation of the group and Council's financial statements for the year ended 31 March 2019 for those charged with governance.

<b>Financial Statements</b>	<p>Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the group and Council's financial statements:</p> <ul style="list-style-type: none"><li>• give a true and fair view of the financial position of the group and Council and the group and Council's income and expenditure for the year; and</li><li>• have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.</li></ul> <p>We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), Narrative Report, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p>	<p><b>Our audit work was completed on site during June and July. As reported to you in July there was outstanding work at the 31 July 2019 which prevented us from signing our opinion, and therefore work continued into August and September. Our work is now complete, and this has resulted in additional findings and audit adjustments which have been included in this findings report for your information. Our findings are summarised on pages 6 to 14. We have identified a number of audit adjustments to the financial statements which are detailed in Appendix B to this report. We have also raised recommendations for management as a result of our audit work in Appendix A.</b></p> <p><b>The most significant issue is a material adjustment to the value of the net pension liability which is documented on pages 8 and 9. Note that this was included in the accounts which were presented to you on the 30 July 2019, but the audit adjustment had not yet been included in our Audit Findings Report due to the deadline for papers falling before we had finalised agreement with the finance team on this adjustment. Therefore, you have already sighted accounts including the adjusted net pension liability, and the details of the adjustment are included in this report for information.</b></p> <p><b>The draft accounts presented to us for audit reported a surplus on provision of services of £2,389k, and after audit adjustments the surplus on provision of services was adjusted to £3,080k. See Appendix B for the adjustments that have impacted the surplus on provision of services.</b></p>
<b>Value for Money arrangements</b>	<p>Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report if, in our opinion, the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VFM) conclusion').</p>	<p>We have completed our risk based review of the Council's value for money arrangements. We have concluded that the Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources. We therefore anticipate issuing an unqualified value for money conclusion, as detailed in Appendix D. Our findings are summarised on pages 17 to 21.</p>

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# Headlines (continued)

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## Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- To certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

We have completed all of our work under the Code and we are able to certify the completion of the audit when we give our audit opinion.

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## Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

# Summary

## Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

## Audit approach

Our audit approach was based on a thorough understanding of your business and is risk based, and in particular included:

- An evaluation of your internal controls environment, including its IT systems and controls;

- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

We have not had to alter or change our audit plan, as communicated to you in March 2019.

## Conclusion

We have completed our audit of your financial statements and we intend to issue an unqualified audit opinion as detailed in Appendix D.

## Our approach to 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.

On receipt of the draft accounts, as the gross expenditure in 2018/19 had reduced by a relatively significant margin compared to the prior year expenditure on which we had based the planning materiality, we accordingly revised our materiality downwards for the audit.

	Council Amount (£)	Group Amount (£)	Qualitative factors considered
Materiality for the financial statements	1,436,000	1,436,264	We have determined financial statement materiality based on a proportion of the gross expenditure of the Council for the financial year.
Performance materiality	1,005,200	1,005,372	The maximum amount of misstatement the audit team could accept in an individual account or group of related accounts. This is less than materiality due to "aggregation risk".
Trivial matters	71,800	71,812	We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance

# Audit findings – significant risks

## Risks identified in our Audit Plan

1

### Improper revenue recognition

We have considered the rebuttable presumed risk under ISA (UK) 240 that revenue may be misstated due to the improper recognition of revenue.

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.

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.

We therefore identified the occurrence and accuracy of these income streams and the existence of associated receivable balances as a significant risk of material misstatement.

## Commentary

### Auditor commentary

For all material income streams where we have not rebutted the presumed risk of revenue recognition we have:

- evaluated your accounting policy for recognition of income for appropriateness and compliance with LG Code of Practice;
- updated our understanding of your system for accounting for income and evaluated the design of the associated controls;
- reviewed and sample tested income to supporting evidence;
- evaluate and challenge significant estimates and the judgments made by management, including those around the adoption of the new IFRS15.

**Our audit work has not identified any issues in respect of revenue recognition.**

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### Management override of controls

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 Council faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.

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.

### Auditor commentary

We have:

- evaluated the design effectiveness of management controls over journals;
- analysed the journals listing and determined the criteria for selecting high risk unusual journals;
- tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration;
- gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness with regard to corroborative evidence;
- evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.

**Our audit work has not identified any issues in respect of management override of controls.**

# Audit findings – significant risks

## Risks identified in our Audit Plan

## Commentary

3

### Valuation of land and buildings

The Council 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 and the sensitivity of this estimate to changes in key assumptions.

Additionally, management need to ensure the carrying value in the Council 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.

We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.

### Valuation of Heritage Assets

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.

The valuations of heritage assets, particularly revaluations and impairments, is also a significant risk.

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.

### Auditor commentary

#### We have for land and buildings:

- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work;
- evaluated the competence, capabilities and objectivity of the valuation expert;
- wrote to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met;
- challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding;
- assessed 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;
- tested revaluations made during the year to see if they had been input correctly into the Council's asset register;
- evaluated 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.

During the year, £39.5 million of assets were revalued representing 34% of land and buildings held on the balance sheet at current or fair value. The remaining £75.6 million of assets held at current value were revalued in earlier years or acquired in the year. The Code of Practice allows a rolling programme of revaluation over a short period, but does place a requirement on management to consider and ensure that assets not revalued in year are not materially misstated.

Management did not prepare a working paper to address whether assets had been impaired during the year, and also did not specifically set out in detail their own assumptions and estimates of the potential movements in value for assets not revalued during the year. Although management do revalue all very high value assets the total of assets not revalued is a very material amount and a relatively small movement in the value of this total could be material to the accounts.

In the absence of a detailed management working paper, we have developed our own point estimate of the movement in values using information of possible variations provided by our own auditor's expert, and we made further inquiries to the management's professional valuers. Through this work we were able to gain assurance that assets not revalued in the year are not materially misstated. We have recommended that management strengthen future working papers in this area to provide a detailed assessment that can be audited. See Appendix A.

Other audit work carried out around the assets revalued has not identified any further issues.

**Heritage Assets:** these assets are not required to be revalued annually, but should be reviewed sufficiently regularly to ensure that valuations remain current. We reviewed the insurance valuations which are used as the basis for the estimation of the market value of heritage assets, and we challenged the basis of and assumptions underlying the valuation method for reasonableness. Our working around heritage assets has not identified any issues.

# Audit findings – significant risks

## Risks identified in our Audit Plan

## Commentary

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### Valuation of pension fund net liability

The Council'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.

The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£41.6 million in the Council's unaudited balance sheet at the 31 March 2019, adjusted to £46 million after audit adjustments) and the sensitivity of the estimate to changes in key assumptions.

We therefore identified valuation of the Council'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.

### Auditor commentary

Our work included:

- documenting our understanding of the process and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluating the design of the associated controls;
- liaising with the auditors of East Sussex Pension Fund to evaluate the instructions and accuracy/completeness of information issued by the Pension Fund to their management expert (actuary – Hymans Robertson) for this estimate and the scope of the actuary's work;
- assessing the competence, capabilities and objectivity of the actuary who carried out the pension fund valuation;
- testing 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;
- undertaking procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing additional focussed audit procedures suggested within the report; and
- obtaining assurances from the auditor of East Sussex 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.

We report our findings of the assessment of the actuary and on our work around the financial assumptions used by the actuary on the key judgements and estimates page 11.

During the year two legal cases were heard impacting on pensions and their accounting. The McCloud case relates to the Court of Appeal ruling that there was age discrimination in certain public sector pension schemes where there were transitional protections given to scheme members. Discussion is ongoing in the sector regarding the potential impact of the ruling on the financial statements of Local Government bodies. The GMP case relates to the High Court ruling that GMPs must be equalised between men and women and that past underpayments must be corrected.

Your actuary assessed the impact of the GMP matter as immaterial in its year end reporting to the Council, and our own estimate based on applying information provided by our auditor's consulting actuary to estimate the GMP potential liability to a reasonable degree of accuracy also concluded that it was immaterial and did not need to be provided for.

Management requested an estimate from the actuary of the potential impact of the McCloud ruling. The actuary's estimate was of a possible increase in pension liabilities of £569k, and an increase in service costs for the 2019/20 year of £67k. This was originally included in the accounts as a contingent liability. Our view is that the McCloud case gives rise to a past service cost and liability within the scope of IAS 19 as the ruling creates a new obligation which should be accurately estimated and either included in the accounts if material, or disclosed clearly if immaterial. We reviewed the analysis performed by the actuary, and considered the estimate of the McCloud liability to be reasonable.

(continued below)

# Audit findings – significant risks

## Risks identified in our Audit Plan

## Commentary

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### Valuation of pension fund net liability (continued)

### Auditor commentary (continued)

Our work on the net pension liability included analytical testing of the reasonableness of the Council's share of assets and liabilities, and the actuarial application of the roll forward approach in estimating the value of the net pension liability. Our analytics suggested there could be a material error in the actuary's estimate of the Council's share of assets. At the time we reported to the Committee in July, we were awaiting a response from the Council's actuary to our enquiries.

In order to provide an actuarial estimate quickly for inclusion in the financial statements the actuary uses an estimated return on pension fund assets as at the financial year end. The actuary estimated a 10.6% return. The actual year end return on assets was 7.3%. As our audit work implied, this resulted in a material error for the draft accounts presented to the Committee.

Your finance team requested that the actuary produce an updated actuarial estimate to include the actual year end return on pension fund assets. The revised actuary report also included the additional liability for the impact of the McCloud ruling mentioned above and as reported in our previous audit findings report.

These two issues meant the estimate of the net pension fund liability increased by £4.4m, which increases the Council's Cost of Services by £548k, and increases Other Comprehensive Income and Expenditure by £3.9m. Note due to adjustments between the accounting and funding basis under regulations this does not impact on the closing General Fund balance. As this was material to the audit we agreed with management that this should be adjusted in the financial statements. This adjustment is shown in Appendix B.

The adjustment also impacts on the Movement in Reserves Statement, Adjustments between the Accounting Basis and Funding Basis under Regulations, the Expenditure and Funding Analysis, the Housing Revenue Accounts Income and Expenditure Statement, the Cash Flow Statement, the Narrative Report and Notes 3/6/17/23 to the accounts where the adjustment has feed-through impact. We have checked that the adjustment has been accurately reflected in these Statements and Notes to the accounts.

# Audit findings – other risks

## Risks identified in our Audit Plan

5

### Migration of ERP system

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.

The migration took place at the beginning of April 2018. We regarded 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.

## Commentary

### Auditor commentary

We have:

- documented our understanding of and walkthrough the process for the system migration;
- reconciled 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;
- carried out testing to gain comfort over the correct transfer of historic data.

The working papers provided as evidence for the correct migration of the system were of a poor quality. This meant our testing of the migration took much more time for the audit team than we would have anticipated.

We also found errors in the transition where items were misposted between codes, or were posted onto the old system after the new system had been adopted. These errors were later corrected, but again these issues made it more difficult for us to complete this work and gain sufficient assurance over the material correctness of the migration.

We have recommended that where system migrations take place in the future, for finance or other systems, that management strengthen working papers to provide internal assurance around the completeness and accuracy of the migration and for audit purposes. See Appendix A.

We were satisfied that the system migration had not resulted in misstatement of the accounts.

6

### Group Accounts preparation

A wholly owned subsidiary Hastings Housing Company Ltd. has in 2018/19 been consolidated into group accounts, based on it becoming material to the accounts during the year.

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.

We have:

- reviewed and tested 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;
- carried out further audit testing procedures to gain assurance over the material subsidiary balances which were consolidated into the group accounts.

Our audit work has not identified any issues in respect of the group accounts preparation.

# Audit findings – key judgements and estimates

	Summary of management's policy	Audit Comments	Assessment																								
<p><b>Net pension liability – £41.6m</b></p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 21</p>	<p>You recognise and disclose your retirement benefit obligation in accordance with the measurement and presentational requirement of IAS 19 'Employee Benefits'.</p> <p>Your net pension liability in the unaudited draft accounts 31 March 2019 was £41.6m (2018: 40.4m) and after audit adjustments this was adjusted to £46m. You engage Hymans Robertson LLP to provide actuarial valuations of your assets and liabilities derived from this scheme. A full actuarial valuation is required every three years. The latest full actuarial valuation was completed in 2016. A roll forward approach is used in intervening periods, which utilises key assumptions such as life expectancy, discount rates, salary growth and investment returns. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements.</p>	<ul style="list-style-type: none"> <li>management's actuarial expert was clearly competent, capable and objective;</li> <li>we have used the work and report of a consulting actuary (as auditor's expert) to consider whether the actuarial method of calculating the estimate, including the roll forward approach, is reasonable. We highlighted one issue with the application of the roll forward approach and this is documented on pages 8 and 9;</li> <li><b>we carried out analytical procedures to conclude on whether the Council's share of LGPS pension assets and liabilities was reasonable and this resulted in highlighting a material difference in the estimated return on pension fund assets as at the financial year end used by the actuary to provide an early estimate for inclusion in the accounts, and the actual return. Once the actual return was included this resulted in a material adjustment to the net pension liability as documented on pages 8 and 9;</b></li> <li>the information used by the actuary was complete and accurate;</li> <li>the auditors' expert has also assessed the assumptions made by your actuary providing the auditor with indicative ranges for assumptions. Where the actuary has applied a different assumption for the Council estimate we have challenged the reasoning behind this:</li> </ul> <table border="1" data-bbox="679 711 1815 1136"> <thead> <tr> <th>Assumption</th> <th>Actuary Value</th> <th>Auditor's expert range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>2.4%</td> <td>2.4-2.5%</td> <td style="text-align: center;">●</td> </tr> <tr> <td>Pension increase rate</td> <td>2.5%</td> <td>2.4-2.5%</td> <td style="text-align: center;">●</td> </tr> <tr> <td>RPI</td> <td>3.4%</td> <td>3.4-3.5%</td> <td style="text-align: center;">●</td> </tr> <tr> <td>Life expectancy – Males currently aged 65 / 45</td> <td>22.1/23.8</td> <td>21.5-22.8/ 23.7-24.4</td> <td style="text-align: center;">●</td> </tr> <tr> <td>Life expectancy – Females currently aged 65 / 45</td> <td>24.4/26.3</td> <td>24.1-25.1/ 26.2-26.9</td> <td style="text-align: center;">●</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>the disclosure of the estimate in the financial statements was considered adequate;</li> </ul>	Assumption	Actuary Value	Auditor's expert range	Assessment	Discount rate	2.4%	2.4-2.5%	●	Pension increase rate	2.5%	2.4-2.5%	●	RPI	3.4%	3.4-3.5%	●	Life expectancy – Males currently aged 65 / 45	22.1/23.8	21.5-22.8/ 23.7-24.4	●	Life expectancy – Females currently aged 65 / 45	24.4/26.3	24.1-25.1/ 26.2-26.9	●	
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**Assessment**

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- We consider management's process is appropriate and key assumptions are neither optimistic or cautious

# Audit findings – key judgements and estimates

Accounting area	Summary of management’s policy	Audit Comments	Assessment
<p><b>Going concern</b></p>	<p>Your accounts have been prepared on the going concern basis. Public sector bodies are assumed to be going concerns where the continuation of the provision of a service in the future is anticipated, as evidenced by inclusion of financial provision for that service in published documents.</p>	<p>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 entity's ability to continue as a going concern” (ISA (UK) 570).</p> <p>We have subjected the 2019/20 budget and Medium Term Financial Strategy (MTFS) to 2023/24 to detailed scrutiny, and reviewed the planned PIER savings proposals for 2019/20 in our consideration of the appropriateness of management’s use of the going concern assumption. We have also taken into account your strong cash and net assets position.</p> <p>In 2019/20 you have sufficient available usable reserves to close the anticipated budget gap. We have carried out work on your financial sustainability (see value for money work) and concluded your financial planning is robust and your current reserves position provides an appropriate level of flexibility.</p> <p>We have not identified any material uncertainty in relation to your ability to continue as a going concern.</p>	
<p><b>The Foreshore Charitable Trust</b></p>	<p>Although the Council is the sole trustee of the charitable trust, it is not consolidated into the group accounts. This is because a management critical judgement is that the scheme is so constituted as to prevent the Council from obtaining any benefit from the Trust’s activities.</p>	<p>We have discussed this critical judgement with management, and obtained a more detailed commentary on the constitution of the charitable fund.</p> <p>We have reviewed the constitution of the charitable fund to confirm the basis of management’s critical judgement and the way Council Committees have been structured so that the Council does not control the charitable Trust.</p> <p>We were satisfied that this critical judgement was reasonable.</p>	

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**Assessment**

-  We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
-  We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider optimistic
-  We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider cautious
-  We consider management’s process is appropriate and key assumptions are neither optimistic or cautious

# Audit findings – key judgements and estimates

Accounting area	Summary of management's policy	Audit Comments	Assessment
Provisions for receivable	The Council makes allowance for the non-recoverability of receivables relating to housing benefit overpayments, council tax, non domestic rates and trade receivables. These allowances are management estimates based on historic experience, judgement and experience across the sector.		
	<b>Housing benefit overpayments:</b> a provision of 50% based on a recoverability analysis.	We reviewed the reasonableness of the recoverability analysis and we were satisfied that a provision of 50% was reasonable.	
	<b>Trade receivables general bad debt provision:</b> the Council has provided for specific debt known to be unrecoverable, and 50% provision for balances older than 90 days. This excludes all other local authorities and public bodies. There is then a 10% provision against all other balance less than 90 days but greater than 10 days, again excluding other local authorities and public bodies.	We reviewed the ageing of debt and the variance in trade receivables year on year to conclude on the reasonableness of this provision. The exclusion from the provision of all other local authorities and public bodies is considered reasonable as from prior experience these bodies are often slow to pay each other but the debt is recoverable over time.	
	<b>NNDR appeals provision:</b> the basis of the NNDR provision is a 4.7% provision for all NNDR still outstanding from 18/19 and a 100% provision for balances due from before 2011.	We have reviewed the basis of this provision and consider this to be reasonable based on the assumptions underlying the provision and previous success rates.	
	<b>Council Tax arrears provision:</b> The council tax provision is a 2.8% provision for all council tax still outstanding from 18/19 and a 100% provision for balances due from before 2008/09.	We have reviewed the basis of this provision and consider this to be reasonable based on prior year collection rates and also the prior year provision rates.	

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## Assessment

-  We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
-  We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
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# Audit findings – matters discussed with management

This section provides commentary on the significant matters we discussed with management during the course of the audit.

Significant matter	Commentary	Auditor view
<p>1 <b>Supporting working papers to the accounts preparation and availability of key finance contacts</b></p>	<p>During the audit we found that there were not clear working papers to support each note in the accounts, and that sub-systems through which significant volumes of transactions in the accounts are recorded, such as Council Tax and Business Rates income and Housing Benefits expenditure, were not supported by clear reconciliations to provide assurance of the completeness and accuracy of accounting in the general ledger for transactions in these sub-systems.</p> <p>These issues, along with difficulty in closing down testing queries as highlighted in this report, have meant that the on site fieldwork has taken longer than planned and as at the date of writing the report there were areas of work still outstanding. This was exacerbated by some periods of unavailability of key finance contacts who had put together the accounts.</p>	<p>We have recommended that management strengthen future working papers for their own internal assurance, and to support a more efficient audit. See Appendix A.</p> <p><b>Management response</b> See Appendix A.</p>
<p>2 <b>Errors within debtors balances</b></p>	<p>In our sample testing of debtors we found a significant number of small errors. Some of these were in housing benefit overpayments debtors where it appeared that some historic balances which had already been paid were still being included as debtor assets in the accounts. As at the date of writing this report an analysis had been made by management to suggest the error was limited in extent to a maximum of £160k but subsequently issues with this analysis have been found to suggest that the error could be larger.</p> <p>There were also further small errors around the cut off recognition of debtor accruals at year end.</p>	<p><b>Auditor view</b> We have recommended that management strengthen debtor reconciliation controls and introduce a review of the accrual process either to introduce a reasonable de-minimus for making accruals or to ensure all accruals are correct through tightening review of cut off processes. See Appendix A.</p> <p><b>Management response</b> See Appendix A.</p>
<p>3 <b>Unpaid leave accrual</b></p>	<p>Management have made a judgement that as this accrual is not material to the accounts they will not include this in the statutory accounts.</p> <p>This is an additional liability for the Council at the 31 March 2019 .We have reviewed data provided by management to support the view that the accrual would be immaterial. As the amount is above the trivial threshold for the audit we are required to report this as an unadjusted audit misstatement to those charged with governance.</p>	<p><b>Auditor view</b> We have included an unadjusted misstatement in Appendix B.</p> <p><b>Management response</b> See Appendix A.</p>

# Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

	Issue	Commentary
1	<b>Matters in relation to fraud</b>	<ul style="list-style-type: none"> <li>We have previously discussed the risk of fraud with management and the Audit Committee. We have not been made aware of any significant incidents in the period and no issues have been identified during the course of our audit procedures.</li> </ul>
2	<b>Matters in relation to related parties</b>	<ul style="list-style-type: none"> <li>We are not aware of any related parties or related party transactions which have not been disclosed.</li> </ul>
3	<b>Matters in relation to laws and regulations</b>	<ul style="list-style-type: none"> <li>You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any such incidences from our audit work.</li> </ul>
4	<b>Written representations</b>	<ul style="list-style-type: none"> <li>A letter of representation has been requested.</li> </ul>
5	<b>Confirmation requests from third parties</b>	<ul style="list-style-type: none"> <li>We requested from management permission to send confirmation requests in respect of your bank, investments and loans balances. This permission was granted for all institutions and the requests were sent. All of these requests were returned with positive confirmation.</li> </ul>
6	<b>Disclosures</b>	<ul style="list-style-type: none"> <li>Our review found no material omissions in your financial statements. We identified a number of immaterial disclosure adjustments which are set out later within this report.</li> <li>Note 4 to the accounts sets out the key areas of estimation made by management. Expected practice is that a sensitivity analysis is provided for each key estimation to inform the reader of the impact of any change in the assumptions made in arriving at the estimate. The Council does not do this for all of the disclosed key estimates and this should be considered for the future.</li> </ul>
7	<b>Audit evidence and explanations/significant difficulties</b>	<ul style="list-style-type: none"> <li>Except for the outstanding items noted on page 3, all information and explanations requested from management was provided.</li> </ul>

# Other responsibilities under the Code

Issue	Commentary
<p>1 Other information</p>	<ul style="list-style-type: none"> <li>We are required to give an opinion on whether the other information published together with your audited financial statements (including the Annual Governance Statement, Narrative Report and Pension Fund Financial Statements), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</li> </ul> <p>The narrative report is balanced and largely covers the expected content as per the Code of Practice. No inconsistencies have been identified.</p> <p>We highlighted one improvement area for management's future consideration in respect of the AGS. Many councils highlight specifically how their control environment addresses the 7 criteria under the 2016 Code to transparently demonstrate the completeness of their control environment.</p> <p>We plan to issue an unmodified opinion in this respect – refer to Appendix D.</p>
<p>2 Matters on which we report by exception</p>	<p>We are required to report on a number of matters by exception in a numbers of areas:</p> <ul style="list-style-type: none"> <li>If the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the other information of which we are aware from our audit</li> <li>If we have applied any of our statutory powers or duties</li> </ul> <p>We are still completing our work in this area, but to date we have nothing to report on these matters.</p>
<p>3 Specified procedures for Whole of Government Accounts</p>	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <ul style="list-style-type: none"> <li>Note that work is not required as the Council does not exceed the threshold;</li> </ul>
<p>4 Certification of the closure of the audit</p>	<p>We intend to certify the closure of the 2018/19 audit of <b>the Council</b> in the audit opinion, as detailed in Appendix D.</p>

# Value for Money

## Background to our VFM approach

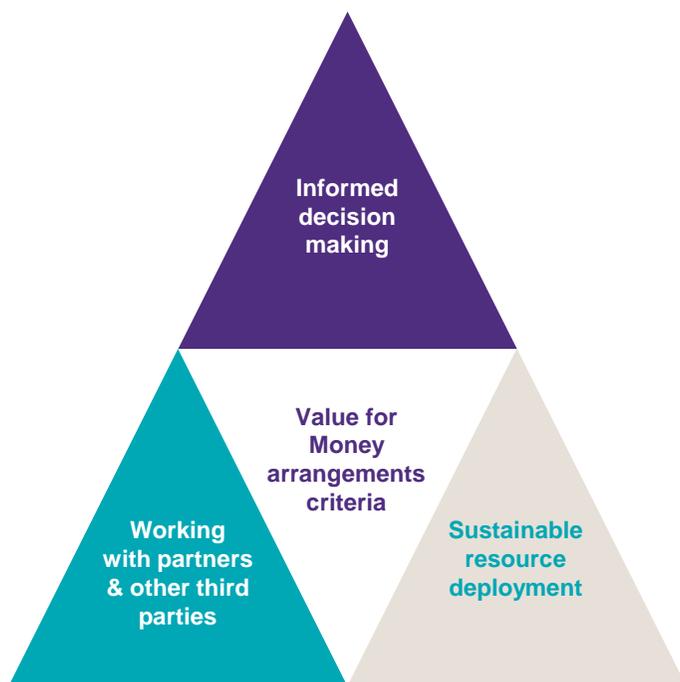
We are required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at the Council. In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in November 2017. AGN 03 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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## Risk assessment

We carried out an initial risk assessment in February 2019 and identified three significant risks in respect of specific areas of proper arrangements using the guidance contained in AGN03. We communicated these risks to you in our Audit Plan dated 12 March 2019.

We have continued our review of relevant documents up to the date of giving our report, and have not identified any further significant risks where we need to perform further work.

## Our work

AGN 03 requires us to disclose our views on significant qualitative aspects of the Council's arrangements for delivering economy, efficiency and effectiveness.

We have focused our work on the significant risks that we identified in the Council's arrangements. In arriving at our conclusion, our main considerations were:

1. Performance in the current 2018/19 year, the reforecast budget, reasons for in-year variances, and how performance was reported.
2. The reasonableness of the process, method and assumptions underlying the setting out of your Medium Term Financial Strategy.
3. The considerations undertaken by management in setting the minimum level of reserves to hold.

We have set out more detail on the risks we identified, the results of the work we performed, and the conclusions we drew from this work on pages 17-20.

In the 2018/19 financial year, your management have internally analysed reserve levels and risks using a range of CIPFA developed indicators, and have benchmarked the Council against other authorities. This was reported in the February 2019 budget report to members, and although the current level of reserves as a % of your net expenditure was 135%, by the end of the next financial year useable reserves are expected to decrease to around 91% of net expenditure, a level which will compare much less favourably to neighbouring districts. This may become a mandatory reporting requirement in the 2019/20 year onwards. We recommend that management keeps these indicators under close review and continues to report on these indicators annually to those charged with governance, regardless of whether they become mandatory reporting requirements.

## Overall conclusion

Based on the work we performed to address the significant risks, we are satisfied that the Council had proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

## Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

	Significant risk as set out in the audit plan	Findings	Conclusion
<p><b>1</b></p>	<p><b>Medium term financial sustainability</b></p>	<p><b>Financial performance 2018/19</b></p>	<p><b>Auditor view</b></p>
<p>The Council had deficit results on its provision of services for the 2016/17 and 2017/18 years. These were relatively small deficits which could be alleviated through use of reserves. 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 &amp; new sources of funding, working with partners, and engaging in service redesign.</p> <p>For the 2018/19 year, Council set a budget for a £1.7m deficit for the 2018/19 year, and the Medium Term Financial Strategy set 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. savings plans is inherently uncertain and risk and this could put overall budget achievement in doubt. There is currently no reasonable estimate that can be made for the impact of the 2020/21 Fair Funding Review and potential changes to Business Rate retention.</p> <p>For these reasons we cited medium term financial sustainability as a risk that the Council could fail to achieve Economy, Efficiency, and Effectiveness in use of its resources in 2018/19 and beyond.</p>	<p>During the 2018/19 year the Council set a revised budget in early February 2019 to acknowledge and plan for the additional spending pressures being experienced at that point in the year. The Council, like most others, has experienced a significant increase in pressure on demand led budgets, and at the year end the Council delivered a General Fund outturn deficit of £681k, a positive variance against the revised budget of £747k. You continue to use the transition reserve (£481k in 2018/19) which was funded by an Efficiency Grant from government, and put in place to address the particularly challenging balance between reductions in income, and increase in demand for services, while the Council makes the transition to embedding properly recurring savings and generating more income locally to fund services.</p> <p>The capital programme continued to schedule behind plan, by £2,065k in 2018/19. This is in part due to continued underspends against grants given for Disabled Facilities and improvements to the Harbour Arm and New Groyne.</p> <p>In the year the Council has slightly increased its usable reserves (across General Reserve and Earmarked Reserves) by about £650k.</p> <p>Priority Income and Efficiency Review (PIER) savings schemes in the year have under achieved by £161k against a budgeted savings total of £703k, including the expected contribution from the Hastings Housing Company, and increased income from investment in energy projects not yet delivering. Expenditure on temporary accommodation for the homeless also continued to outstrip expectations in 2018/19 by £90k. These pressures demonstrate the scale of the challenge to deliver PIER savings to address budget gaps going forwards.</p> <p>Our discussions with management and review of the final outturn report as issued to Cabinet indicates that overspends leading to the revised budget are largely structural local market issues indicating a permanent increase in costs or demand which will likely continue in coming years.</p> <p><b>Particularly in the context of having re-set the budget at quite a late stage in the current financial year, the Council will have to make sure that structural demand pressures manifesting as budget overspends, and PIER savings schemes which may not be achievable are adequately factored into the MTFS in future years as recurrent increases in costs, and reductions in anticipated savings/increases in service income. These will need to be mitigated through service transformation, or through the identification of alternative PIER efficiency savings.</b></p>	<p>Through the work completed and our findings as documented adjacent we have concluded Hastings Borough Council had proper arrangements for securing economy, efficiency and effectiveness in its use of resources.</p>	

**Key findings**

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

	Significant risk	Findings	Conclusion
1	<b>Medium term financial sustainability</b> (continued)	<p data-bbox="358 232 1017 262"><b>Financial planning (MTFS) 2019/20 to 2023/24</b></p> <p data-bbox="358 294 1707 347">For the 2019/20 year the Council has set a balanced budget, with a total service expenditure of £13.4m, and a contribution from reserves of £1.7m. Key components and assumptions to the budget year on year include:</p> <ul data-bbox="358 362 1742 572" style="list-style-type: none"> <li>- 2.99% increase on Council Tax</li> <li>- 2% salary inflation</li> <li>- Reductions in grant funding (some mitigated by compensatory government funding in the interim during transition) resulting in a reduction of £647k in year</li> <li>- £1.5m additional cost pressures due to bringing street cleaning in house and re-letting the waste contract</li> <li>- Net additional income generation of £713k</li> </ul> <p data-bbox="358 586 1777 725">The contribution from reserves closes the budget gap between net expenditure and available funding within the next 2018/19 year. PIER savings in the 2019/20 amount to £1.43m, and these should be viewed as relatively high risk given underachievement of PIER savings in 2018/19. Some of the 2019/20 PIER savings plans relate to service reviews and more impactful transformational plans (such as changes to the current recycling arrangements), and these have potential to realise greater levels of savings and achieve this target but also have attached risk due to the greater need for staff time and investment in recognising the savings fully.</p> <p data-bbox="358 768 1783 906">Your Medium Term Financial Strategy (MTFS) is the key financial planning document which sets out the financial implications of your corporate strategy over 5 years for the purposes of decision making and for you to provide assurance that you have a sustainable position in place to deliver service priorities and other investments in the local area. We have met with key members of your finance team to discuss and review the method for building the MTFS and in particular the robustness and realism underlying key assumptions, the Pier savings plans which are included and any areas where significant new/increased areas of revenue have been included.</p> <p data-bbox="358 925 1794 1153">The MTFS, much like the 2019/20 budget, starts from a baseline of the previous year budget adjusted for what is known in terms of cost and income variations from the actual outturn to set an "adjusted base" position. There is then an iterative process of layering on inflationary assumptions including staff pay increases, known and assumed increases in services pressures, reductions in grants and other revenues, any strategic driven spending commitments and plans which would drive revenue increases. Once this is complete, for this Council as we would expect from our experience across the Local Government sector, this leaves a Budget Gap between the expected expenditure required to maintain services and investment, and the resources expected to be available. For 2019/20 this Budget Gap has been closed by identified savings plans which management view as being achievable. However in the following three years there are predicted budget gaps of £2.436m in 2020/21, £1.791m in 2021/22 and £1.897k in 2022/23.</p> <p data-bbox="358 1182 1757 1346">The MTFS will be reviewed in September 2019/20 and alongside this the Council will be making substantial updates to the Capital Strategy. In our discussions with management we have been informed of forward looking development and regeneration plans that include potential leisure centre development, house building and development of greenfield sites. Management's aim is to have sufficient resources in place to increase affordable and flexible use housing in the district, and to improve amenities/facilities for residents, but this will be highly dependent on the success and return on planned PIER schemes. It is too early for us to conclude on this area, and we will therefore keep a watching brief here as we move into our value for money planning for 2019/20.</p>	See above

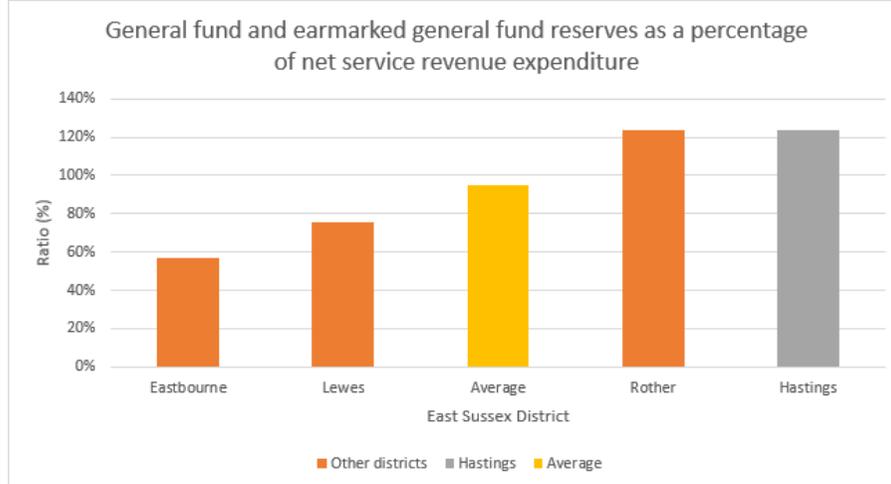
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**Key findings**

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

1	Significant risk	Findings	Conclusion
	<b>Medium term financial sustainability</b> (continued)	<p><b>Fiscal Indicators and Reserves Levels</b></p> <p>Each year your management assess the level of reserves that they believe it is prudent for the Council to hold. Management base this on these following factors:</p> <ul style="list-style-type: none"> <li>(i) the cashflow working balance requirement;</li> <li>(ii) considerations of the level of available internal and external funds in the event of unexpected events or an emergency;</li> <li>(iii) The need to build up funds for known or potential liabilities (earmarked reserves);</li> <li>(iv) reserves put in place to assist in the transition to becoming a lower spending Council;</li> <li>(iii) having funds in place for investment.</li> </ul> <p>We compared your proportion of reserves and level of reserves to a set of other similar sized Councils. Your General Fund and Earmarked reserves total as a percentage of your net service revenue expenditure for the 2018/19 year is 124%. This compares favourably to other East Sussex and Kent districts with 4 Councils holding a higher percentage of reserves compared to net service revenue expenditure. The percentage for this indicator ranged from 27% to 267%. This demonstrates clearly there is no “correct” level of reserves to hold and it very much depends on local circumstances, risk analysis and risk appetite. We were satisfied that the considerations and assumptions that management have in place to monitor reserves levels at what they consider to be a safe level are reasonable and detailed. The review of the adequacy of reserves is presented to the Cabinet alongside the Budget and the MTFs each year.</p> <p>Your reserves total as a percentage of your net service revenue expenditure for the 2018/19 year by comparison to other East Sussex districts is shown below:</p>	See above

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**Key findings**

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk	Findings	Conclusion
<p><b>1 Medium term financial sustainability</b> (continued)</p>	<p>We also note that your management have internally analysed reserve levels and risks using a range of CIPFA developed indicators, and have benchmarked the Council against other authorities. This was reported in the February 2019 budget report to members, and although the current level of reserves as a % of your net expenditure was 135%, by the end of the next financial year useable reserves are expected to decrease to around 91% of net expenditure, a level which will compare much less favourably to neighbouring districts as per the analysis above (albeit still at the average level for 2018/19). This may become a mandatory reporting requirement in the 2019/20 year onwards, and we recommend that management keeps these indicators under close review and continues to report on these indicators annually to those charged with governance, regardless of whether they become mandatory reporting requirements.</p> <p>Based on 2017/18 reserves levels, your management’s analysis identified the level of reserves as being medium risk, and the reserves depletion time as being a higher risk level. This has not been benchmarked against national comparatives currently, so the risk level is only indicative, but it is an area of analysis that we would recommend your management keeps under close review and continues to report on annually to those charged with governance regardless of whether it becomes a mandatory reporting requirement.</p> <p>Our view was that management have given reasonable consideration as to whether the reserves provide a sufficient cushion to weather the on-going financial challenges that you face over the medium term due to reductions in central government funding and forecast increases in demand for your core services. However, you only have finite reserves available and it is important that you continue to maintain appropriate budgetary controls. The financial outlook for local government is at its most uncertain for a generation. It is key that members recognise the current level of reserves provide a buffer for the uncertainties ahead and do not represent an easy way to resolve immediate budget pressures.</p> <p><b>On the basis of this work, we have concluded that the risk is currently sufficiently mitigated and the Council has proper arrangements in place for securing value for money.</b></p>	<p>See above</p>

# Independence and ethics

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 confirm that we, as a firm, and each covered person, 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 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix C.

## **Audit and Non-audit services**

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. We have engaged with the Council to perform certification work for the housing benefit subsidy claim for the 2018/19 period. The agreed fee for this work is £10,500.

# Action plan

We have identified 5 recommendations for the group as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2019/20 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
1	<p><b>Assurance over assets not revalued</b></p> <p>We noted in our PPE valuation work we noted that management had not specifically prepared a working paper to address whether assets had been impaired during the year, or set out in detail their own assumptions and estimates of the potential movements in value for assets not revalued during the year. Although management do revalue all very high value assets the total of assets not revalued represent a material amount and a relatively small movement in the value of this total could be material to the accounts.</p> <p>In the absence of a detailed management working paper , we developed our own point estimate of the movement in values using information of possible variations provided by our own auditor's expert.</p>	<p>We recommend that management strengthen future working papers in this area to provide a detailed assessment that can be audited.</p> <p><b>Management response</b></p> <p>Accepted.</p>
2	<p><b>Migration of ERP system</b></p> <p>The working papers which were made available to evidence the correct migration of the system were of a poor quality, which meant that understanding the testing the migration took a lot of time for our audit team.</p> <p>We also found errors in the transition where items were misposted between codes, or were posted onto the old system after the new system had been adopted. These errors were later corrected, but again these issues made it more difficult for us to complete this work and gain sufficient assurance over the material correctness of the migration.</p>	<p>We recommend that where system migrations take place in the future, for finance or other systems, management strengthen working papers to provide internal assurance around the completeness and accuracy of the migration, and for audit purposes.</p> <p><b>Management response</b></p> <p>Accepted.</p>
3	<p><b>Supporting working papers to the accounts preparation</b></p> <p>During the audit we found that there were not clear working papers to support each note in the accounts, and that sub-systems through which significant volume transactions in the accounts, such as Council Tax and Business Rates income and Housing Benefits expenditure, were not supported by clear reconciliations to provide assurance as the completeness and accuracy of accounting in the general ledger for transactions in these sub-systems.</p>	<p>We recommend that management strengthen future working papers for their own internal assurance, and to support a more efficient audit.</p> <p><b>Management response</b></p> <p>Accepted.</p>

## Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

# Action plan (continued)

Assessment	Issue and risk	Recommendations
4	<p><b>Review of debtors and creditors classifications</b></p> <p>We noted in our debtors and creditors review and testing that there had not been a full review of balances to check classification and in some cases there was not a full understanding (due to turnover in the finance team) of what the balance related to.</p> <p>This took some time and investigation in order to get full explanations for balances and to complete our testing.</p>	<p>We recommend that management strengthen future controls for review and reconciliation of debtor and creditor balances, and as mentioned above to produce clear reconciliations to subsystems.</p> <p><b>Management response</b></p> <p>Accepted.</p>
5	<p><b>Review of debtor existence</b></p> <p>We noted in our debtors testing numerous errors which were generally small in monetary terms, where the debtor either did not exist (had been paid prior to year end) or the cut off treatment was incorrect.</p>	<p>We recommend that management strengthen debtor reconciliation controls and introduces a review of the accrual process either to introduce a reasonable de-minimus for making accruals or ensures all accruals are correct through tightening review of cut off processes.</p> <p><b>Management response</b></p> <p>Accepted – the council continues to look to strengthen its debt recovery teams</p>

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## Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

# Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

## Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2019.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
<p>1 <b>Adjustment due to updating the actuarial estimate of the actual return on pension fund assets and inclusion of the impact of the McCloud judgement</b></p> <p>See pages 8 and 9 for full details of the underlying work leading to these adjustments.</p>	Dr Comprehensive Expenditure £3,854k	Cr Net pension liability £4,402k	Dr Expenditure £548k
<p>2 <b>Various debtor and creditor reclassifications as follows:</b></p> <ul style="list-style-type: none"> <li>- a capital creditor balance of £146k was in fact a debtor balance in 2018/19 and was reclassified to debtors;</li> <li>- a cremator and crematorium income suspense balance of £110k was incorrectly classified as a creditor and was reclassified to debtors;</li> <li>- a collection fund balance Council Tax share of receipts in advance of £934k was incorrectly classified as a creditor and was reclassified to debtors;</li> <li>- the balance of £218k held between the council and the Foreshore Charitable Trust was incorrectly classified as a debtor and was reclassified to creditors.</li> </ul>	Nil	Dr Short Term Debtors £1,409k Cr Short Term Creditors £1,409k	• Nil

# Audit Adjustments (continued)

## Impact of adjusted misstatements (continued)

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
<p><b>3 Management adjustment to deferred income</b></p> <p>Management picked up during the audit that £143k income was incorrectly accounted for in the 2018/19 year which related to the 2019/20 financial year. They inputted an adjusting journal to correct this.</p> <p>We have reviewed the journal made and we agree that the business rationale is correct and this is a valid journal.</p>	Nil	Cr Short Term Creditors deferred income £143k	Dr Income £143k
Overall impact	Increase in Comprehensive Expenditure £3,854k	Increase in Short Term Debtors of £1,409k Increase in Short Term Creditors of £1,552k Increase of the Net Pension Liability of £4,402k	Increase in total net expenditure of £691k

# Audit Adjustments

## Disclosure changes

The table below provides details of disclosure errors and updates identified during the 2018/19 audit.

Disclosure changes	Detail	Result	Adjusted?
<b>Financial Instruments</b>	Fair Value of PWLB borrowings was incorrectly valued at premature redemption (£78,494k), where it should be valued at the new loan valuation rate (£67,472k).	Amended in the final financial statements.	✓
<b>Pensions Disclosures</b>	In the draft accounts the estimated employer's contributions for the period to 31 March 2020 was £2,045,000 whereas in the actuarial report the contributions are £2,475,000.	Amended in the final financial statements.	✓
<b>Audit Fees disclosure</b>	We requested that overall total fees were split between external audit and other services to correctly show the split of services rendered.	Amended in the final financial statements.	✓
<b>Group accounts</b>	In the group accounts Comprehensive Income and Expenditure Statement the other non-ringfenced government grants income was shown as £1,463k which was inconsistent with the total being brought into the group accounts from the authority general ledger of £2,574k, a difference of £1,111k. The group accounts were amended to correct this income to £2,574k.	Amended in the final financial statements.	✓
<b>Financial Instruments payments in advance</b>	£357k accruals for payments in advance was incorrectly classified as a financial instrument. This does not represent an obligation to pay cash in the future, so it is not appropriate to include this debtor in the financial instruments disclosure.	Amended in the final financial statements.	✓
<b>Financial Instruments receipts in advance</b>	£1,095k accruals for receipts in advance was incorrectly classified as a financial instrument. This does not represent a right to receive cash in the future, so it is not appropriate to include this creditor in the financial instruments disclosure.	Amended in the final financial statements.	✓

# Audit Adjustments

## Disclosure changes (continued)

Disclosure changes	Detail	Result	Adjusted?
<b>McCloud contingent liability</b>	As a result of the adjustment to the pension liability for the inclusion of actual returns on pension fund assets, and the resulting inclusion of the McCloud liability as a provision in the accounts, the contingent liability as disclosed in the draft accounts was no longer required and this needed to be removed from the accounts.	Amended in the final financial statements.	✓
<b>Future minimum lease payments receivable</b>	<p>In our review and testing of leases disclosed in Note 22 to the accounts we found that the total future minimum lease payments receivable under non-cancellable leases were calculated including contingent rentals (increases which relate just to inflationary increase linked to the passage of time and not from significant contractual changes).</p> <p>IFRS does not allow for the inclusion of these amounts in the minimum lease payments receivable and the contingent rental received in the year should be accounted for as income received in the year and disclosed separately. As a result</p> <p>Lease payments receivable within 1 year was amended from £4,401k to £4,169k (2017-18 amended from £3,631k to £3,453k)</p> <p>Lease payments receivable within 2-5 years was amended from £14,236k to £13,385k (2017-18 amended from £12,119k to £11,470k)</p> <p>Lease payments receivable after 5 years was amended from £78,532k to £67,886k (2017-18 amended from £76,316k to £68,150k)</p>	Amended in the final financial statements.	✓
<b>Related Parties</b>	Our view was that the amounts paid to/received from the Foreshore Trust and Hastings Housing Company Limited, along with the balance owed to/from these entities was not clearly disclosed in the related parties note in the draft accounts. The note was updated to include disclosure of these amounts.	Amended in the final financial statements.	✓

# Audit Adjustments

## Disclosure changes (continued)

Disclosure changes	Detail	Result	Adjusted?
<b>Accounting policy changes</b>	<p>There were some areas where our accounting disclosure checklist highlighted that the accounting policies in the draft accounts did not fully comply with the Code/IFRS, as follows:</p> <p>The Code requires some disclosure of the use of the going concern basis for local authorities that can only be discontinued under statutory prescription. This was not disclosed in the draft accounts.</p> <p>The sensitivity of the actuarial estimate of the net pension liability to changes in assumptions was not disclosed in detail.</p> <p>The authority's debt write off policy was not disclosed.</p> <p>The authority's depreciation and amortisation policy did not include information about the average useful economic life for asset classes, which meant it was difficult for user of the accounts to fully understand the policy and year on year changes.</p> <p>The disclosure of estimation uncertainty (around allowance for debt, provisions, and PPE valuation for example) did not fully quantify assumptions and the sensitivity of the estimates to changes in assumptions.</p>	Amended in the final financial statements.	✓
<b>Annual Governance Statement (AGS)</b>	<p>There were some areas where our review of the AGS highlighted that it did not fully comply with the Code/IFRS, as follows:</p> <p>The AGS did not mention the Group relationship, the activities of the Group, and whether the effectiveness of the system of internal control include its group activities.</p> <p>The AGS did not give a view of the the effectiveness of the control system including group activities.</p>	Amended in the final financial statements.	✓
<b>Minor casting and consistency amendments</b>	<p>Through our checks of the financial statements and completion of disclosure checklists we highlighted a number of minor casting and consistency errors. These were agreed and amended in the final financial statements.</p>	Amended in the final financial statements.	✓

# Audit Adjustments

## Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2018/19 audit which have not been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below.

Note that Item 1 is an error which was identified in testing of representative samples. To evaluate the maximum error we then extrapolate these errors over the full population. Where the total potential error is immaterial, as these are, we would not request updating the accounts according to an estimated extrapolation, but we are required to report these errors to you as those charged with governance.

Detail	Comprehensive Income and Expenditure Statement	Statement of Financial Position	Impact on total net expenditure	Reason for not adjusting
<p>1 <b>Overprovision of car leasing expenses in the year</b></p> <p>We found an error where car leases were overprovided for by £1,332.10. When extrapolated as described above this totalled £91,499.76 which is immaterial.</p>	(£91k)	£91k	(£91k)	Immaterial extrapolation
<p>2 <b>Unpaid leave accrual</b></p> <p>Management have chosen not to make an accrual for unpaid leave based on the estimate of the total liability at 31 March 2019 being immaterial to the accounts.</p>	£206k	(£206k)	£206k	Immaterial

# Fees

We confirm below our fees charged for the audit and provision of non-audit services:.

## Audit Fees

	Proposed fee £	Final fee
Council Audit	35,742	TBC (see note below)
<b>Total audit fees (excluding VAT)</b>	<b>35,742</b>	<b>TBC</b>

The audit has taken longer than planned due to the issues highlighted in this report. Consequently, we will hold a discussion with management in due course about additional audit fee.

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## Non Audit Fees

Fees for other services	Fees £
<b>Audit related services:</b>	10,500
<ul style="list-style-type: none"> <li>Certification of the housing benefit subsidy claim for the 2018/19 period</li> </ul>	
	<b>£10,500</b>

# Audit opinion

We anticipate we will provide the Group with an unmodified audit report:

## Independent auditor's report to the members of Hastings Borough Council

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Hastings Borough Council (the 'Authority') and its subsidiary (the 'group') for the year ended 31 March 2019 which comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Statement, the Group Balance Sheet, the Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, and the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Authority as at 31 March 2019 and of the group's expenditure and income and the Authority's expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The Chief Financial Officer is responsible for the other information. The other information comprises the information included in the Financial Report and Statement of Accounts, the Narrative Report, and the Annual Governance Statement, other than the Authority and group financial statements and, our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge of the group and Authority obtained in the audit or otherwise appears to be

materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'Delivering Good Governance in Local Government: Framework (2016)' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

#### Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Financial Report and Statement of Accounts, the Narrative Report, and the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

#### Responsibilities of the Authority, the Chief Financial Officer and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Chief Financial Officer. The Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19, for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the group's and the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to

# Audit opinion (continued)

going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Audit Committee is Those Charged with Governance. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Report on other legal and regulatory requirements - Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

### Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, we are satisfied that the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

### Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

### Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether in all significant respects the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

## Report on other legal and regulatory requirements - Certificate

We certify that we have completed the audit of the financial statements of the Hastings Borough Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

### Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Signature

Darren Wells  
for and on behalf of Grant Thornton UK LLP, Local Auditor

2<sup>nd</sup> Floor  
St Johns House  
Crawley  
RH10 1HS

### Date



# Agenda Item 5



**Report to:** Audit Committee

**Date of Meeting:** 14 November 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 Strategic 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.
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 Loss of key staff, skills and knowledge.
- High2 Deterioration of the Council's priority infrastructures e.g. cliffs 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 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
- 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	Income generation programme established; Commercial property and Housing company started – Energy generation options being examined.	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	Continue to lobby government with evidence on impact of budget reductions on meeting local need, via LGA and other bodies	PIER Review, budget process, medium term financial strategy.  Reprioritisation of service provision ensuring 'must do' activities are delivered at statutory levels. Review the Corporate regeneration priorities. Adjust the capital spending programme.
2	Changes in Central Government policy and for the meantime changes in European Legislation which impact on the Council	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.  Impact on contracts and tendering.	Political Leadership / Chief Officers	Play an active role in lobbying Government to ensure the best awareness of District Councils views about key policy agendas via professional bodies and LGA.	Track decisions and consider implications at an early stage to ensure HBC can respond. Project manage implementation of changes, potentially reallocating resources and reprioritising activity if required.
3	Partnership regeneration	High	High	High2	Loss of private sector investment. Regeneration	Political Leadership / Chief Officers	Active participation in LEP and its several funding	Actively seek inward investment.

Target	Potential Risk	Likelihood	Impact	Overall Score	Potential Impact	Responsibility for Controls	Risk Avoidance	Risk Mitigation
Page 50	programme needs to be re-appraised as affected by focus of regeneration resources to North England away from the South East.				programme stalls.	Partner Organisations	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.  Raise profile at government.  Utilising 'stronger towns' opportunity to leverage further 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. Seek appropriate external economic development financial opportunities where the business case justifies and capacity allows  Community Safety Partnership.  Council Tax Our CPF programme directed at advice and support for vulnerable	Adequate level of reserves to cope with excessive unplanned changes  Reduce or end other non-statutory 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 51							<p>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> <p>New housing and homelessness strategies being developed.</p> <p>Acquisition programmes for Temporary Accomodation.</p> <p>Further development of social letting agency.</p> <p>Development of new housing on council land Local Plan review. Rough sleepers funding programme</p>	
5	Insufficient organisational capacity for delivery of agreed programme and organisational	High	High	High2	Reductions in HBC capacity necessitated as a result of reduced government funding and a £1.5m budget deficit for 20/21. Increased pressure on staff as a	Political Leadership / Chief Officers	Budget process to review strategic and operational priorities. Acceptance and communication of limitations on capacity.	Organisational Blueprint, informed by independent review of management layers (by LGA) to determine ways of working and

Target	Potential Risk	Likelihood	Impact	Overall Score	Potential Impact	Responsibility for Controls	Risk Avoidance	Risk Mitigation
Page 52	change whilst maintaining service delivery. No resilience in the organisation.				result of uncertainty. Higher levels of staff sickness impacting on individuals and on teams ability to deliver. 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.		Political prioritisation.	budget process to prioritise resource allocation. Prioritisation process implemented for assessing new initiatives and opportunities. Re-prioritise existing plans to meet available resources Mechanisms in place to address impacts on staff of increasing pressure – to include appropriate workload assessments and mental health support when required.
	6	Loss of key staff / skills / knowledge.	High	High	High2	Loss of resilience. Loss of capacity to deliver services to a desired or statutory standard.	Chief Officers / People, Customer & Business Support	Capture of knowledge and working practices through mechanisms including Business Process Mapping. Succession planning and talent management at all levels through the 1-1 conversation performance management toolkit... Business Continuity Planning resilience. Recruitment/Retention Policy. Training support mechanisms.
7	Risk of a successful	Low	Medium	Medium2	Financial penalty.	Chief Officers /	Access to and provision of	

Target	Potential Risk	Likelihood	Impact	Overall Score	Potential Impact	Responsibility for Controls	Risk Avoidance	Risk Mitigation
	legal challenge.				Reputational damage.	Political Leadership	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 Page 53	Deterioration of the Council's s i.e. those that create tourism public safety issues e.g. cliffs & sea front.	High	High	High2	Financial Loss. Reputational Loss. 3 <sup>rd</sup> Party Public Liability  Adequate level of reserves mitigating Insurance.	Chief Officers	Appropriate maintenance schedules and investment programmes informed by expert advice. Ensuring tenancy obligations are met.	Adequate level of reserves mitigating Insurance.
9	Contractual Partnerships: Breakdown in contractor performance, for example, Waste contract, Building Control, Leisure contract, White Rock Theatre contract and Ground Maintenance etc.	Medium	High	High1	Failure to achieve corporate objectives. Financial and reputational loss. Additional drain on officer's time on dispute resolution.	Chief Officers	Regular review and monitoring of Contracts and Service Level Agreements combined with firm contract management. Appropriate Governance arrangements. Development and implementation of Audit Plan.	Business Continuity Planning

Target	Potential Risk	Likelihood	Impact	Overall Score	Potential Impact	Responsibility for Controls	Risk Avoidance	Risk Mitigation
10 Page 54	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> <p>1066 Country Campaign management</p> <p>New Local Plan process</p> <p>External Funding</p>	

Target	Potential Risk	Likelihood	Impact	Overall Score	Potential Impact	Responsibility for Controls	Risk Avoidance	Risk Mitigation
							opportunities from stronger towns	
11	Ineffective Project/Programme Control.	Low	High	Medium3	Projects overrun in time/budget or do not achieve objectives. Reputational damage.	Chief Officers / Project Sponsors	Use of 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. Further project management expertise to be developed at all levels to ensure all project team members are suitably skilled, and gain best practice experience.	Adequate reserves and contingency built into business cases
12	IT Systems loss (IT Systems exposed to some vulnerability).  Data loss (protected through regular frequent back-ups).	Medium  Low	High  High	High1  Medium3	Loss of power supply. Hardware failure.  Viral attack could leave the council's key systems, communications and customer engagement tools redundant.	Chief Officers  Chief Officers	Regular maintenance and inspection of building services. Business Continuity and disaster recovery plans in place and tested.  Back up data systems in place to protect data.	Insurance

Target	Potential Risk	Likelihood	Impact	Overall Score	Potential Impact	Responsibility for Controls	Risk Avoidance	Risk Mitigation
	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 and review	
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. Security arrangements have been enhanced and are regularly checked updated. Systems have stood up to real life incidents	One Team to be diverted to priority areas. Insurance and reserves.
15	Extreme weather incidents increase as climate changes	High	Medium	High3	Impact on local economy and on council's business operations	Chief Officers	Strengthened water conservation measures in place and further measures under	One Team resources to respond Insurance Reserves

Target	Potential Risk	Likelihood	Impact	Overall Score	Potential Impact	Responsibility for Controls	Risk Avoidance	Risk Mitigation
Page 57	<ul style="list-style-type: none"> <li>Drought</li> <li>Rainfall</li> <li>Snow and high winds</li> <li>Landslip and other natural hazards on coastal cliffs</li> <li>Flood risk management and coastal protection</li> </ul>				<p>Flood damage to property and land</p> <p>Disruption to services</p> <p>Loss of life / serious injury Damage to property Loss of access / amenity Financial impact Reputation undermined</p>		<p>investigation</p> <p>Surface water management action plan in place</p> <p>Severe weather management action plan in place</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>	Participation in county wide resilience structures and training.
16	'Brexit' implications.	High	High	High2	<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>	Chief Officers	<p>Risks of no-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</p>	Reserves and potential Government funding depending on requirements

Target	Potential Risk	Likelihood	Impact	Overall Score	Potential Impact	Responsibility for Controls	Risk Avoidance	Risk Mitigation
Page 58					<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>New impacts on small/medium businesses in town that trade with EU</p>		<p>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 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>	
17	Emergency Planning for a Major Emergency in the borough	Low	High	Medium3	<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>	Chief Officers	<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</p>	

Target	Potential Risk	Likelihood	Impact	Overall Score	Potential Impact	Responsibility for Controls	Risk Avoidance	Risk Mitigation
Page 59							<p>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> <p>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.</p>	
18	Significant Contracts for renewal; grounds maintenance	Low	High	Medium3	Financial risk  Reputational risk if poor performing contractor is selected	Chief Officers	<p>East Sussex Procurement Hub processes followed to ensure best value and effective</p> <p>Senior management overview of the stages of this procurement project</p> <p>2019</p>	
19	Following the mutually agreed early termination of the joint waste contract with Kier, new service	Low	High	Medium3	Poor service to residents such as missed waste collections. Negative impact on street scene and thereby on the economy of the town. For example through decreased tourism, and	Chief Officers	The DSO arrangements have been carefully managed to reduce the risk of failure, and operational performance will continue to be closely	

Target	Potential Risk	Likelihood	Impact	Overall Score	Potential Impact	Responsibility for Controls	Risk Avoidance	Risk Mitigation
Page 60	<p>arrangements commenced in July 2019. Street cleansing is now carried out through the new HBC Cleansing DSO, and refuse and recycling collections are carried out by Biffa through a new joint waste contract.</p> <p>The potential risks are that the performance of the DSO and/or Biffa will not be to the appropriate standards.</p>				<p>investment by business. Increased costs due to need to monitor contractor more closely. Reputational damage to HBC.</p>		<p>monitored. The new joint waste contract was procured against the backdrop of a failing contract, and learning from this informed the new contract specification and terms and conditions.</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>	

~~~~~end~~~~~

# Agenda Item 6



**Report to:** Audit Committee

**Date of Meeting:** 14 November 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.
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 external funding for leisure services
  - Failure to raise additional funds for the Cultural Programme (new risk rating)
  - 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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Email: TDavies@hastings.gov.uk  
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# OPERATIONAL RISK REGISTER

November 2019

Appendix A

## 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**

November 2019

**Appendix A**

|   | <b>Service</b> | <b>Potential Risk</b>        | <b>Risk Rating (Likelihood / Impact)</b> | <b>Potential Impact</b>                                                                                                                   | <b>Responsibility for controls</b>                                                                                                     | <b>Risk avoidance</b>                                                                                                                                                                                                                                                                                                                                                          | <b>Risk mitigation</b>                                                                                                                                                                       |
|---|----------------|------------------------------|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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**

November 2019

**Appendix A**

|    | <b>Service</b> | <b>Potential Risk</b>                                                          | <b>Risk Rating (Likelihood / Impact)</b> | <b>Potential Impact</b>                                                                                   | <b>Responsibility for controls</b>                                         | <b>Risk avoidance</b>                                                                                                                                                                                                                                                 | <b>Risk mitigation</b>                                                 |
|----|----------------|--------------------------------------------------------------------------------|------------------------------------------|-----------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|
|    |                |                                                                                |                                          |                                                                                                           | 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**

November 2019

**Appendix A**

Service: **ESTATES**

|   | <b>Service</b> | <b>Potential Risk</b>                         | <b>Risk Rating (Likelihood / Impact)</b> | <b>Potential Impact</b>                                                                             | <b>Responsibility for controls</b>                      | <b>Risk avoidance</b>                                                                                                                                                                                                               | <b>Risk mitigation</b>                                                                 |
|---|----------------|-----------------------------------------------|------------------------------------------|-----------------------------------------------------------------------------------------------------|---------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| 1 | Estates        | Loss of key staff and inability to recruit    | Medium/High                              | - Loss of knowledge and relationship with tenants<br>- Tenants dissatisfied and leave               | - Assistant Director – Finance and Revenues             | - Maintain adequate staffing levels<br>- Ensure knowledge shared within Team<br>- Terms and Conditions                                                                                                                              | 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                          | - Loss of rental income<br>- Units handed back and difficult to re-let<br>- Increased costs (rates) | - Estates Manager                                       | - Effective advertising<br>- Maintain tenant relationships and get early warning<br>- Maintain an overview of individual businesses and their operating environment<br>- Undertake due diligence prior to purchasing new properties | Maintain satisfactory level of general reserves                                        |
| 3 | Estates        | Failure to maintain assets                    | Low/High                                 | - Properties fall into disrepair                                                                    | - Estates Manager                                       | - Regular inspections<br>- Adequate budget (R&R)<br>- Planned programme of repairs and inspections                                                                                                                                  | Contingency plan to board up and make safe vacant buildings                            |
| 4 | Estates        | Properties not adequately insured             | Low/Medium                               | - Council has to reinstate from own money                                                           | - Estates Manager<br>- Assistant Director – Finance and | - Complete revaluation of Council property and ensure regular checks on tenanted property                                                                                                                                           | Insurance reserve                                                                      |

**OPERATIONAL RISK REGISTER**  
November 2019

|   | <b>Service</b> | <b>Potential Risk</b>                                                       | <b>Risk Rating (Likelihood / Impact)</b> | <b>Potential Impact</b>                                                                                                                                                                          | <b>Responsibility for controls</b> | <b>Risk avoidance</b>                                                    | <b>Risk mitigation</b> |
|---|----------------|-----------------------------------------------------------------------------|------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|--------------------------------------------------------------------------|------------------------|
|   |                |                                                                             |                                          |                                                                                                                                                                                                  | 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

November 2019

Appendix A

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>                                                                                                                                      |                 |

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

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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>Evolving 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. |                                                                            |

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Service: **LEGAL AND ELECTORAL SERVICES**

|   | <b>Service</b> | <b>Potential Risk</b>                                                                                                                                               | <b>Risk Rating (Likelihood / Impact)</b>             | <b>Potential Impact</b>                                                                                                                                                                 | <b>Responsibility for controls</b>             | <b>Risk avoidance</b>                                                                                                                                                                                                                                                                                                                                                  | <b>Risk mitigation</b>                                                 |
|---|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|
| 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><br>Directors | - Legal compliance – professionally trained staff subject to CPD, training, library and on-line research tools<br><br>- Capacity built within the team for cover for short term absences<br><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 members | 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><br>- New Iken system in place to coordinate and allocate legal work<br><br>- Training, advice and support for staff and members<br><br>- Legal advice available to Member decision-making meetings<br><br>- Regular monitoring and review of constitution. | Training to officer client departments                                 |

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|   | <b>Service</b> | <b>Potential Risk</b>                                                                                                                                                                                                                | <b>Risk Rating (Likelihood / Impact)</b> | <b>Potential Impact</b>                                                                                                                                                                                                                                                                 | <b>Responsibility for controls</b>                                     | <b>Risk avoidance</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>Risk mitigation</b>                  |
|---|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|
| 3 | Legal Service  | Property, Planning & Contracts:<br>instructions<br>- lack of full, precise and timely instructions from client departments<br><br>Failure to follow procurement rules<br><br>Not enough attention paid to specification of contracts | Medium / High                            | - Reputational<br>- Time pressures on funding<br>- Financial – failure to achieve best value for authority<br>- Financial – legal challenge from unsuccessful tenderers<br>- Financial challenge from contractors where we are in breach of contract – cannot comply with specification | - Chief Legal Officer<br><br><br><br><br><br><br><br><br><br>DirectorS | - Professionally qualified staff providing advice on what is required<br>- Contribution to training of client officers<br>- Use of Iken system clarifies instructions<br>- Project and Programme Management processes require procurement issues to be addresses in a timely manner<br>- Regular updating training on procurement rules<br>- Work with East Sussex Procurement Hub<br><br><br><br><br><br><br><br><br><br>- Clients need to ensure that they know what they want and are ready to comply with contract | Advice from East Sussex Procurement Hub |
| 4 | Legal Service  | Losing staff at a key time – impacting on resilience                                                                                                                                                                                 | Medium / High                            | - Financial – cost of outsourcing or locum assistance<br>- Reputational – Risk of failure to deliver<br>- Undue pressures on Service<br>- Difficulty in recruiting staff                                                                                                                | - Chief Legal Officer                                                  | - High profile matters – identified for outsourcing at an early stage of instruction.<br>- Resilience built within the team<br>- Administration resilience across teams<br><br><br><br><br><br><br><br><br><br>- May have to pay more money                                                                                                                                                                                                                                                                            | - Use of known locum staff              |

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|   | <b>Service</b>     | <b>Potential Risk</b>                                                                              | <b>Risk Rating (Likelihood / Impact)</b> | <b>Potential Impact</b>                                                                                                                                                                                                                                                                                                                               | <b>Responsibility for controls</b>                                                                                                             | <b>Risk avoidance</b>                                                                                                                                                                                                                                                                                                                                                                                             | <b>Risk mitigation</b>                                                                                    |
|---|--------------------|----------------------------------------------------------------------------------------------------|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| 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 the election result.</li> <li>- Financial –</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> <li>- East Sussex wide Electoral Services Network available for support and advice and a good working relationship with the</li> </ul> | <ul style="list-style-type: none"> <li>- External professional resources utilised if necessary</li> </ul> |

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|   | <b>Service</b>     | <b>Potential Risk</b>                                                              | <b>Risk Rating (Likelihood / Impact)</b> | <b>Potential Impact</b>                                                                     | <b>Responsibility for controls</b>                        | <b>Risk avoidance</b>                                                                                                                                                    | <b>Risk mitigation</b>                                                                                                                                    |
|---|--------------------|------------------------------------------------------------------------------------|------------------------------------------|---------------------------------------------------------------------------------------------|-----------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
|   |                    | -                                                                                  |                                          | costs of legal challenge and re-running elections.<br>- Reputational: mistrust by residents |                                                           | 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. |

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Service: **CONTINUOUS IMPROVEMENT AND DEMOCRATIC SERVICES**

|   | <b>Service</b>                               | <b>Potential Risk</b>                                                                                                                       | <b>Risk Rating (Likelihood / Impact)</b> | <b>Potential Impact</b>                                                                                                                                                                                   | <b>Responsibility for controls</b>                     | <b>Risk avoidance</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>Risk mitigation</b>                                                                                                                          |
|---|----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| 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 |

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|   | <b>Service</b>                               | <b>Potential Risk</b>                                                                                                                                       | <b>Risk Rating (Likelihood / Impact)</b> | <b>Potential Impact</b>                                                                                                                                                          | <b>Responsibility for controls</b>                                                | <b>Risk avoidance</b>                                                                                                                                                                                                                                                                                                                                      | <b>Risk mitigation</b>      |
|---|----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
|   |                                              |                                                                                                                                                             |                                          | 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> <li>-</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 |

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Service: **PEOPLE, CUSTOMER AND BUSINESS SUPPORT**

|   | <b>Service</b> | <b>Potential Risk</b>                                   | <b>Risk Rating (Likelihood / Impact)</b> | <b>Potential Impact</b>                                                                                                                                                                                                                                                                                                                               | <b>Responsibility for controls</b>                           | <b>Risk avoidance</b>                                                                                                                                                                                                                                                                                                                                                                                  | <b>Risk mitigation</b>                                                                           |
|---|----------------|---------------------------------------------------------|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| 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</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> | -                                                                                                |

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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> |
|---|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
|   |                |                                                                                                                                                                                                                            |                                                  | leadership agenda<br>- Loss of key staff<br>- Increased sickness<br>- Disengaged staff                                                                                                                                                                           |                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                        |
| 3 | People Support | Loss of key staff within the people and business support service:<br>- Turnover<br>- Redundancy/retirement<br>- Re-structure<br><br>(failure to take a strategic approach to workforce planning puts key services at risk) | Medium / High                                    | - Support for managers / organisation reduced<br>- Processes not followed<br>increase in claims via E.T.<br>- Loss of knowledge<br>- Reduced services<br>- Increased complaints<br>- Increased sickness<br>- Staff over loaded<br>- Reputation of HBC undermined | - EM People, Customer and Business Support | - Senior HR working alongside service managers and developing workforce plan to meet future organisational/service needs.<br>- Workforce plan prepared.<br>- HR briefings on HR policies / procedures, employment legislation<br>- Sickness absence – refresher & mental health training for managers – focus on handling short term absences.<br>-Mental health first aiders in place throughout org<br>- Managers Training apprenticeship scheme to be rolled out | Agency staff           |
| 4 | People Support | Non-compliance with employment legislation Corporately                                                                                                                                                                     | Medium / Medium                                  | - Increased number of tribunal claims –                                                                                                                                                                                                                          | - EM People, Customer and Business         | - HR briefings (see above)<br>- Ensure policies and procedures adhered to – including timelines                                                                                                                                                                                                                                                                                                                                                                     | -                      |

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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>                                                                                                                                         |
|----|------------------|---------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |                  |                                                                                                                           |                                                  | costs against the Council                                                                                                                                                                | Support                                                                                      | <ul style="list-style-type: none"> <li>- Provide support to managers</li> <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> </ul> | Regular review at Corporate health and safety group of incidents reported. All relevant policies/procedures amended accordingly and disseminated to all staff. |

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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>         |
|---|------------------|---------------------------------------------------------------------------------------------------|--------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
|   |                  | 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> |                                            | <ul style="list-style-type: none"> <li>- Monitor and maintain ID card and fob systems for tenants/contractors/councillors and visitors.</li> <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 | Equipment breakdown (printers, water coolers etc, lifts, heating)<br>- System breakdown (Condeco) | Low/Low                                          | - Unable to use Equipment or software                                                                                                                                                                                 | - EM People, Customer and Business Support | <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> </ul>                                                                                                                                                                                                                     | Use facilities on other floors |

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|   | <b>Service</b>           | <b>Potential Risk</b>                                                                                                                | <b>Risk Rating (Likelihood / Impact)</b> | <b>Potential Impact</b>                                                                                                                                                                                                      | <b>Responsibility for controls</b>                                                                                                                         | <b>Risk avoidance</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>Risk mitigation</b>                                                                   |
|---|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
|   |                          |                                                                                                                                      |                                          |                                                                                                                                                                                                                              |                                                                                                                                                            | <ul style="list-style-type: none"> <li>- Facilities management group meeting held monthly to review issues.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                          |
| 8 | Business Support         | Breach of fire and building health and safety regulations at Town Hall or Muriel Matters House and security,                         | Low/High                                 | <ul style="list-style-type: none"> <li>- Potential injury to Persons and 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>- 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> </ul> | <ul style="list-style-type: none"> <li>- Complaints and compliments procedure</li> </ul> |

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|    | <b>Service</b>           | <b>Potential Risk</b>                                                  | <b>Risk Rating (Likelihood / Impact)</b> | <b>Potential Impact</b>                                                                                                                                                                                                            | <b>Responsibility for controls</b>                                                                                                                     | <b>Risk avoidance</b>                                                                                                                                                                                                                                                                                                                                                          | <b>Risk mitigation</b>                                                                               |
|----|--------------------------|------------------------------------------------------------------------|------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|
| 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 |

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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.               |

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**Corporate Services and Governance**

Service: IT

|   | <b>Service</b> | <b>Potential Risk</b>   | <b>Risk Rating<br/>(Likelihood / Impact)</b> | <b>Potential Impact</b>                              | <b>Responsibility for controls</b> | <b>Steps to mitigate risk, time frame for implementation and latest position</b>                                                                                                                                                                              | <b>Risk avoidance</b> |
|---|----------------|-------------------------|----------------------------------------------|------------------------------------------------------|------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| 1 | IT             | Failure of IT equipment | Low / High                                   | - Very serious impact in short term for all services | 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 |                       |

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**Operational Services Directorate**

Service: **ENVIRONMENT and PLACE**

| Service Area                                                 | Potential Risk                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Risk Rating<br>(Likelihood /<br>Impact)                      | Potential Impact                                           | Responsibility for<br>controls                                                                                                                                                                                                                                                                | Risk avoidance                                                                                                                                                                                                                                                                                                                                                                                           | Risk mitigation                                                                                                                                                                                                                                                                                                                                                |
|--------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Environment and Place<br>Service -<br>General<br><br>Page 87 | Loss of corporate IT hardware due to fire, flooding, power outage etc.<br><br>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). All service requests for the street cleansing DSO and the new waste contractor (Biffa) require data transfer from HBC My Hastings system through to their service delivery management systems. | Short term:<br>Low / Low<br><br>Medium term:<br>Low / Medium | 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. Responsibility of AD for Environment and Place and their individual service team leaders with respect to business continuity arrangements for specific service areas. | 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.<br><br>Also, Business Continuity Planning arrangements in place. | Information and Communications Technology team acquire and rebuild new servers and affected IT equipment and upload recovery back-up data. Lead time anywhere from approximately half to a couple of days to receive new hardware.<br><br>Many of these services could operate using paper based systems for a short time pending reinstatement of IT systems. |



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| Service Area                    | Potential Risk                                                                                    | Risk Rating<br>(Likelihood /<br>Impact) | Potential Impact                                                                                                                                                                                                             | Responsibility for<br>controls       | Risk avoidance                                                                                                                                        | Risk mitigation                                                                                                                                                                                                        |
|---------------------------------|---------------------------------------------------------------------------------------------------|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Waste - Public Conveniences     | Unable to clean public conveniences due to weather or staffing issues                             | Low / Low                               | Reputation undermined                                                                                                                                                                                                        | Assistant Director / Service Manager | Liability on contractor to ensure continuity of service.                                                                                              | <p>Worst-case scenario would result in toilets being closed during the period.</p> <p>Any closure due to adverse weather would have a limited impact, as there would also be a limited demand during such periods.</p> |
| Waste – Contract<br><br>Page 89 | Union led strike of local Biffa waste contract service and/or the council's street cleansing DSO. | Low / High                              | Strike action has impact on routine service provision. Potentially refuse/recycling and street cleansing would be impacted, resulting in uncollected refuse and recycling, poor accumulation of litter and waste in streets. | Assistant Director / Service Manager | The Joint Waste Partnership, Biffa and senior management at the council have good working arrangements in place with staff and their representatives. |                                                                                                                                                                                                                        |

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| Service Area         | Potential Risk                                                                                                       | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                                            | Responsibility for controls          | Risk avoidance                                                                                                                                                                                                                                             | Risk mitigation                                                                                                                       |
|----------------------|----------------------------------------------------------------------------------------------------------------------|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| Parking              | Significant reduction in car parking income                                                                          | Low / High                        | Financial loss for the Council<br>Reputation undermined                                                                                                     | Assistant Director / Service Manager | Budget regularly monitored, including income generation. If income dropped dramatically, could reduce costs by decreasing staff.<br><br>Parking fees generally only changed every 2 years and impacts of fee increases and demand are carefully monitored. | Adjust operational costs accordingly                                                                                                  |
| Licensing            | Reduction of income generation from economic downturn                                                                | Low / Low                         | Financial loss for Council<br>Increased legal cost<br>Reputation undermined                                                                                 | Assistant Director / Service Manager | Budget regularly monitored including income generation. In fact, recession appears to be triggering more applications e.g. taxis.                                                                                                                          | If income dropped dramatically could reduce costs by re-profiling staffing                                                            |
| Environmental Health | Failure of stray dog contract due to contractor going into administration or experience staffing/recruitment issues. | Low / Medium                      | Failure to meet statutory duty<br>Nowhere to put stray dogs<br>Reputation undermined<br>Cost of providing an alternative service which is not budgeted for. | Assistant Director / Service Manager | The stray dog contract services have been jointly procured by Wealden, Rother and Hastings on several occasions, and this model of service delivery continues to work well.                                                                                | The Hub might be able to find a supplier in the very short term despite it being cross boundary before securing one more permanently. |

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| Service Area                                                                                                                              | Potential Risk                                                                                     | Risk Rating<br>(Likelihood /<br>Impact) | Potential Impact                                                                           | Responsibility for<br>controls          | Risk avoidance                                                                                                                                                                                                                                                                                               | Risk mitigation                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Environmental<br>Health and<br>Waste<br>enforcement<br>services                                                                           | Legal challenge<br>Appeals against enforcement<br>action i.e. judicial review,<br>ombudsmen review | Low / Medium                            | Staff time used<br>Financial implications<br>Reputation undermined                         | Assistant Director /<br>Service Manager | Work closely with Legal<br>Team on prosecutions<br>and enforcement cases<br>to reduce risk of<br>inappropriate action<br>being pursued.                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                   |
| Environmental<br>Health and<br>Licensing<br>services                                                                                      | Staff shortages due to<br>retirement, staff leaving and<br>not being replaced etc.                 | Med/Med                                 | Unable to deliver full<br>service<br>Increase in complaints<br>Bad publicity locally       | Assistant Director /<br>Service Manager | We have carefully<br>managed the deletion of<br>posts and retirement of<br>key staff. This has<br>included periods of<br>mentoring and handover<br>of roles by outgoing staff<br>to new staff. We will<br>continue this approach<br>wherever possible, f, .                                                  | Use agency staff as a<br>short term solution as there<br>are many companies offering<br>specialist help albeit at<br>relatively expensive rates<br>compared to in-house staff.                                                                                                                                                                                                                    |
| Grounds<br>Maintenance<br>Joint Contract<br>between<br>Hastings<br>Borough<br>Council/Rother<br>District<br>Council/Optivo<br>(Amenities) | Contract Specifications not<br>being fulfilled.                                                    | Low / Med                               | No grounds maintenance<br>being undertaken.<br>Adverse impact on look<br>and feel of town. | Service Manager                         | Successful joint<br>partnership procurement<br>between Rother District<br>Council/Hastings<br>Borough Council/Optivo<br>has resulted in one<br>contractor with<br>significant savings being<br>realised. Partnership<br>and monitoring<br>structures are in place<br>and being implemented<br>and monitored. | If o all contract stewardship<br>negotiations were<br>exhausted, use East Sussex<br>Procurement Hub (ESPH) to<br>secure another contractor.<br>The Hub might be able to<br>find a supplier in the very<br>short term despite it being<br>cross boundary before<br>securing one more permanently.<br>The contract does provide for<br>liquidated damages and these<br>would be vigorously pursued. |

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| Service Area                                                                   | Potential Risk                                                                                                                                                                    | Risk Rating<br>(Likelihood / Impact) | Potential Impact                                                                                                                          | Responsibility for controls               | Risk avoidance                                                                                                                                        | Risk mitigation |
|--------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| Provision of new Visitor Centre at Hastings Country Park Nature Reserve        | Contractor fails to complete the build.                                                                                                                                           | Low /High                            | Reputational risk to Council.<br>Cost of legal action against principal contractor.<br>Cost of completing partially built visitor centre. | Service Manager                           | Careful corporate project management.<br>Due diligence carried out in relation to preferred contractor.                                               |                 |
| Livestock management at the country park                                       | Criminal damage to livestock containment systems resulting in livestock roaming outside of prescribed areas and either injuring themselves or people they come into contact with. | Low/High                             | Cost of legal action resulting from accident/injury claims.<br>Reputational Damage.<br>Animal welfare concerns.                           | Environment and Natural Resources Manager | Careful management of livestock containment.<br>Awareness raising of benefits of how we are managing livestock with people visiting the country park. |                 |
| 10 year Higher Level Stewardship Agreement at Hastings Country Park, 2013-2023 | Brexit and new funding mechanisms limit external funding element compromising the council's ability to honour the HLS agreement                                                   | Med/Med                              | Reputational and legal risks                                                                                                              | Environment and Natural Resources Manager | The government has advised that it will honour any reduction in EU grant funding in the short term.                                                   |                 |

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| Service Area                               | Potential Risk                                                                                                                                                                                                                                                                                                            | Risk Rating<br>(Likelihood / Impact) | Potential Impact                                                                        | Responsibility for controls                                                                                                                                 | Risk avoidance                                                                                                                                                                                              | Risk mitigation     |
|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Maintenance of play grounds and play areas | Sites fall into disrepair as insufficient funding available for routine ongoing maintenance and periodic renewal of play equipment and site infrastructure. Decreasing play value of sites. Increased risk of health and safety hazards developing and accidents occurring. Increased risk of claims against the Council. | Low/Med                              | Reputational damage and legal/claims costs<br>Reduced scope for play within the borough | Assistant Directors for Environment and Place and Regeneration and Culture<br>Environment and Natural Resources Manager and the Leisure Development Manager | Operation of sites reviewed in 2016 and rationalisation agreed, enabling more effective use of existing budgets. Sites subject to safety checks to minimise risk of serious safety hazards developing.      | Close sites at risk |
| Parks and open spaces<br>Page 93           | Existing asset monitoring and record keeping systems found to be inadequate to successfully defend serious accident/injury claims against the council.                                                                                                                                                                    | /                                    | Cost of defending and settling claims<br>Reputational damage                            | Service Manager                                                                                                                                             | Risk assessments and periodic system of inspection in place for parks and open spaces. Investigate and review new hand held devices and software as part of the corporate digital transformation programme. |                     |

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| Service Area                | Potential Risk                                                                                                                           | Risk Rating<br>(Likelihood /<br>Impact) | Potential Impact                                                                   | Responsibility for<br>controls          | Risk avoidance                                                                                                                                                                                                                                                                                             | Risk mitigation                                                                                                          |
|-----------------------------|------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|------------------------------------------------------------------------------------|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| Cemetery and<br>Crematorium | Failure to provide cremation<br>and burial services through<br>equipment failure, staffing<br>issues/capacity, severe<br>winter weather. | Low / High                              | Damage to reputation.<br>Serious consequences for<br>customers.<br>Loss of income. | Assistant Director /<br>Service Manager | Cremators regularly<br>maintained and<br>specialist maintenance<br>contracts in place.<br>Relief cremator<br>operators trained to<br>provide sickness /<br>absence cover and<br>enable shift working at<br>peak times of demand.<br>Effective and well tested<br>contingency plans in<br>place for winter. | Arrangement in place with<br>Eastbourne Crematorium to<br>undertake cremations in the<br>event of total loss of service. |

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| Service Area                                                                                         | Potential Risk                                                                                                                                                                                                                                         | Risk Rating<br>(Likelihood /<br>Impact)             | Potential Impact                                                                                                                                                                                                                                           | Responsibility for<br>controls              | Risk avoidance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Risk mitigation |
|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| <p>Community Safety</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 95</p> | <p>Police restructuring and budget cuts resulting in reduction in front line Policing</p> <p>Loss / reduction in partnership funding</p> <p>Escalation of anti-social behaviour and crime and disorder associated with the wider street community.</p> | <p>Med / High</p> <p>Med / Med</p> <p>Med / Med</p> | <p>Increase in crime and fear of crime.</p> <p>Reputational damage</p> <p>Increase in demand for Council resources.</p> <p>Increase in ASB and Street drinking in public areas</p> <p>Reputational damage<br/>Negative impact on local economy/tourism</p> | <p>Assistant Director / Service Manager</p> | <p>Engage with local Police and Police and Crime Commissioner (PCC) to ensure resources are allocated to areas of greatest need. In 2019/20 PCC funding for Hastings has increased.</p> <p>Employ a Community Safety Manager to lead on engagement with community safety partners.</p> <p>Take a lead role at multi agency Community Safety meetings.</p> <p>Reprioritised council warden service and obtained CSAS accreditation to enable them to take a leading role in enforcing the antisocial. Public Space Protection Order in areas of highest impact.</p> |                 |



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| Service Area                                                                                         | Potential Risk                                                                                                                                                                                                                                                | Risk Rating<br>(Likelihood /<br>Impact) | Potential Impact                                                                                                                        | Responsibility for<br>controls                                                              | Risk avoidance                                                                                                                                                                                                                                                                                                                                                                                                             | Risk mitigation |
|------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| <p>Community Safety</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 97</p> | <p>A crime involving the serious harm or death of a visiting international language student</p> <p>Potential for increased hate crime post Brexit increasing risk of incidents involving foreign students and workers.</p> <p>Serious injury/loss of life</p> | <p>Low / High</p>                       | <p>Reputational damage at home and abroad</p> <p>Damage to the local economy and regeneration</p> <p>Increase in community tensions</p> | <p>Assistant Director / Service Manager (together with other community safety partners)</p> | <p>Well established partnership working with the language schools and other key agencies to promote safe practices amongst the students.</p> <p>Well established schemes in place with other key partners to promote community cohesion, and to reduce the likelihood of hate crime.</p> <p>Strong leadership from the Safer Hastings and Rother Community Safety Partnership Board and associated operational groups.</p> |                 |

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| Service Area        | Potential Risk      | Risk Rating<br>(Likelihood /<br>Impact) | Potential Impact                                                                                                                                                | Responsibility for<br>controls          | Risk avoidance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Risk mitigation |
|---------------------|---------------------|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| Community<br>Safety | An act of terrorism | Low / High                              | Significant loss of life<br><br>Increase in community<br>tensions<br><br>Damage to the local<br>economy and economic<br>regeneration<br><br>Reputational damage | Assistant Director /<br>Service Manager | Participation at Prevent<br>Board meetings.<br>Attendance at Prevent<br>related Security Review<br>meetings.<br>Compliance with<br>requirements of Counter<br>Terrorism and Securities<br>Act 2015.<br>Local Prevent<br>awareness training to<br>front line staff.<br>Promoting Prevent<br>awareness amongst<br>local businesses.<br>Supporting Sussex<br>Police in links with local<br>Mosque.<br>Safety Advisory Group<br>also helps scrutinise<br>event plans and Police<br>review from terror<br>perspective. |                 |

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| Service Area                                                                            | Potential Risk                                                                                             | Risk Rating<br>(Likelihood /<br>Impact) | Potential Impact                                                                                                             | Responsibility for<br>controls          | Risk avoidance                                                                                                                                                                               | Risk mitigation |
|-----------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| Cliffs (Building Surveyors and Assistant Director of Corporate Services and Governance. | 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 /<br>Service Manager | Biennial programme of inspection and remedial action.<br>Maintain existing controls in place (catch fences, signage, barriers)<br>Reporting system in place with other relevant stakeholders |                 |



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**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>                                                        |                                                                      | Works and Pensions and Universal Credit colleagues to raise operational barriers and find solutions. <ul style="list-style-type: none"> <li>New Housing and Homelessness Strategies introduced.</li> <li>Policy reviews of Allocations.</li> <li>Impact &amp; risk assessments</li> <li>Improvements in cross team /service co-operation (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> |

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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> <li>Documented procedures</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>                                                                                                                                                 |                                                                                                                                                            |

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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>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</li> <li>New Housing and Homelessness Strategies introduced</li> <li>The Housing and Wellbeing Hub reviewed</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>                                                                                                                                                   |                                                                     | quarterly with Clinical Commissioning Group and associated partners.                                                                                                                                                                                                                                                                                                                                                                                                                            |                 |
| 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>• 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> </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>• Regular engagement with Housing Benefit and stakeholder partners to understand</li> </ul>         |                 |

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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.              |                                   | of resources and officer time                                                                                                                                                                                                                                      | Manager                                                                | ongoing changes to Universal Credit <ul style="list-style-type: none"> <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 in other 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</li> </ul>                                                                                                                                                                                                                                     |                 |
| 13 | Housing Options | The introduction of the Homelessness Reduction Bill as an Act (HRA) creates additional statutory duties for LAs, the implementation of which may not | 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> <li>• Rise in homeless applications</li> </ul> | Assistant Director H&BE and Planning Services<br>Housing Needs Manager | <ul style="list-style-type: none"> <li>• Additional resources secured via the Flexible Homelessness Support Grant (limited to 2018/19) to help meet potential increased demand and workload from introduction of HRA</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 duties</li> <li>• Continue to work with Ministry for Housing, 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</li> </ul> |                 |

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|    | Service         | Potential Risk                                                                              | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                                                                                                                                                                      | Responsibility for controls                                            | Risk avoidance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Risk mitigation |
|----|-----------------|---------------------------------------------------------------------------------------------|-----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
|    |                 | be adequately funded by Government                                                          |                                   | <ul style="list-style-type: none"> <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>                                                                     |                                                                        | through Performance Review/ Scrutiny/Cabinet etc. <ul style="list-style-type: none"> <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 Hub Project | 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 outcomes and housing outcomes for rough sleepers and the street community</li> </ul> | Assistant Director H&BE and Planning Services<br>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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|    | <b>Service</b>  | <b>Potential Risk</b>                                                                          | <b>Risk Rating (Likelihood / Impact)</b> | <b>Potential Impact</b>                                                                                                                                                    | <b>Responsibility for controls</b>                                        | <b>Risk avoidance</b>                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>Risk mitigation</b> |
|----|-----------------|------------------------------------------------------------------------------------------------|------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| 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> |                        |

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**Operational Services Directorate**

Service: **PLANNING AND DEVELOPMENT**

|   | <b>Service</b>         | <b>Potential Risk</b>               | <b>Risk Rating (Likelihood / Impact)</b> | <b>Potential Impact</b>                                                                                                                                                                                                 | <b>Responsibility for controls</b> | <b>Risk avoidance</b>                                                                                                                                                                                                                                                                                                                                                                                          | <b>Risk mitigation</b>                                                                                  |
|---|------------------------|-------------------------------------|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| 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> <li>- irreversible damage Council sued for negligence</li> </ul> | Section Manager                    | <p>Procedures are in place to monitor progress on a number of levels as applications progress. Close supervision of staff by Senior Planners, and the Development Manager facilitated through casework meetings, one to one meetings and checking of delegated and committee reports.</p> <p>Experienced and qualified staff and adequate capacity for the workload.</p> <p>Service reviews on resourcing.</p> |                                                                                                         |
| 2 | Development Management | Lose Planning Appeal decision       | Low/Medium                               | <ul style="list-style-type: none"> <li>- Reputation undermined</li> <li>- If costs awarded maybe financial implications</li> </ul>                                                                                      | Section Manager                    | <p>Experienced and qualified staff that remain up to date with current guidance and policy through continuing professional development.</p>                                                                                                                                                                                                                                                                    | <p>Thorough 'post mortem' taken on all lost appeal decisions and learning actions then implemented.</p> |

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|   | Service      | Potential Risk                                                                                                                                    | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                                                                                                                                  | Responsibility for controls | Risk avoidance                                                                                                                                                                                                                                                                                                                                                                                                                                      | Risk mitigation |
|---|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
|   |              |                                                                                                                                                   |                                   |                                                                                                                                                                                                                                                   |                             | <p>Planning Committee Members are trained and understand the consequences of refusing planning consent. A programme of training each quarter is already in place.</p> <p>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 and conservation officer roles. Conservation</p> | Low/Medium                        | <p>- Financial implications</p> <p>- Reputation undermined</p> <p>- Delay in providing decisions within timeframe. Refund of application fees</p> <p>This will and has led to complaints and affects the speed with which decisions are made.</p> | Principal Planning Officer  | <p>Optimal resourcing from ring fenced fees.</p> <p>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</p>                                                                                                                                                                             |                 |

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|   | <b>Service</b>                                | <b>Potential Risk</b>                                                                                                                                                    | <b>Risk Rating (Likelihood / Impact)</b> | <b>Potential Impact</b>                                                                                                                                       | <b>Responsibility for controls</b> | <b>Risk avoidance</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>Risk mitigation</b> |
|---|-----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
|   |                                               | 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. |                                          | Time delays in decisions could ultimately affect our ability to meet council targets and at worst could mean designation                                      |                                    | <p>on competitive tender submissions 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> <p>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.</p> |                        |
| 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</li> </ul> | Section Manger                     | There is a corporate procedure to record incoming payments. This procedure has been regularly audited.                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                        |

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|   | <b>Service</b>         | <b>Potential Risk</b>                        | <b>Risk Rating (Likelihood / Impact)</b> | <b>Potential Impact</b>                                                                                                                                                      | <b>Responsibility for controls</b> | <b>Risk avoidance</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>Risk mitigation</b>                          |
|---|------------------------|----------------------------------------------|------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
|   |                        |                                              |                                          | undermined                                                                                                                                                                   |                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                 |
| 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                    | <p>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 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>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</p> | Analysis of compliments and complaints received |

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|   | <b>Service</b>                                                 | <b>Potential Risk</b>                   | <b>Risk Rating (Likelihood / Impact)</b> | <b>Potential Impact</b>                                                                                                                                                                                                                                                                                    | <b>Responsibility for controls</b>           | <b>Risk avoidance</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>Risk mitigation</b> |
|---|----------------------------------------------------------------|-----------------------------------------|------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
|   |                                                                |                                         |                                          |                                                                                                                                                                                                                                                                                                            |                                              | obtain the correct information                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                        |
| 6 | Development Management, Local Land Charges and Planning Policy | Lack of staffing / financial resilience | Medium/Medium                            | <p>- Inability to do the work</p> <p>- Unacceptable deficit</p> <p>Increased likelihood of errors leading to Judicial reviews/complaints/lost appeals and cost to authority</p> <p>Possible designation if speed of decisions is below government targets.</p> <p>Loss of Income to Local Land Charges</p> | Assistant Director H&BE and Section Managers | <p>Procedures have been reviewed to ensure maximum efficiency.</p> <p>Development Management – planning officers:</p> <p>Workloads to be monitored and reviewed In the event of significant under capacity.</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 sector search companies and may lose business to them as a result.</p> |                        |

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|   | <b>Service</b>                                                 | <b>Potential Risk</b>                               | <b>Risk Rating (Likelihood / Impact)</b> | <b>Potential Impact</b>                                                                                                                                                                                                                                                                                                                                                    | <b>Responsibility for controls</b> | <b>Risk avoidance</b>                                                                                                                                                    | <b>Risk mitigation</b> |
|---|----------------------------------------------------------------|-----------------------------------------------------|------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
|   |                                                                |                                                     |                                          |                                                                                                                                                                                                                                                                                                                                                                            |                                    | Service remains 2 staff short of full capacity and Senior / Principal Level despite advertising posts                                                                    |                        |
| 7 | Development management and Local Land Charges                  | Loss of data / information                          | Low / High                               | <ul style="list-style-type: none"> <li>- Impact on service delivery</li> <li>- Financial implications</li> </ul> <p>In some cases, it has become clear that important plans and elevations have been removed from paper copies of applications. This had resulted in additional money paid to consultants / barristers to establish legal positions arising from this.</p> | IT service and Section Managers    | All records have now been scanned and are held electronically with separate back-up.                                                                                     |                        |
| 8 | Development Management, Local Land Charges and Planning Policy | 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> <li>- Impact on service delivery</li> </ul>                                                                                                                                                                                                                           | Section Managers and staff         | Corporate health and safety procedures are in place and are followed. Relevant training of staff is undertaken regularly including lone working etc. Personal protection |                        |

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|    | <b>Service</b>                                         | <b>Potential Risk</b>                                    | <b>Risk Rating (Likelihood / Impact)</b> | <b>Potential Impact</b>                                                             | <b>Responsibility for controls</b> | <b>Risk avoidance</b>                                                                                                                                                                                                                                                                                                       | <b>Risk mitigation</b>                                  |
|----|--------------------------------------------------------|----------------------------------------------------------|------------------------------------------|-------------------------------------------------------------------------------------|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
|    |                                                        |                                                          |                                          | - Reputation undermined                                                             |                                    | equipment is provided to staff.<br><br>Staff on site have mobile phones and are required to report their whereabouts.<br><br>SOS safety devices to be issued to enforcement staff<br><br>Six monthly corporate health and safety reviews are undertaken, appropriate adjustments are made and these matters are documented. |                                                         |
| 9  | Development Management and Local Land Charges          | Loss of income due to changes in legislation and economy | Medium/High                              | - Financial implications<br><br>- Pressure on resources trying to rectify situation | Assistant Director H&BE            | Close monitoring of performance is undertaken by the section managers and finance staff and this is reported to the Service Manager on a regular basis. Measures are undertaken to respond to any significant variation of actual income to budget.                                                                         |                                                         |
| 10 | Building Control delivered by the Wealden and Hastings | Failure to deliver service                               | Low/High                                 | - Impact on service delivery<br>- Financial implications<br>- Health and safety     | Assistant Director H&BE            | Under the Partnership between Wealden DC and HBC to deliver the Building Control Service there is a contract which defines the                                                                                                                                                                                              | Bring service back in-house or use contract specialists |

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|    | <b>Service</b>           | <b>Potential Risk</b>                             | <b>Risk Rating (Likelihood / Impact)</b> | <b>Potential Impact</b>                                                                                                                                                                                                                                                                                                                                                                                            | <b>Responsibility for controls</b>          | <b>Risk avoidance</b>                                                                                                                                                                                                                                                                                                                             | <b>Risk mitigation</b> |
|----|--------------------------|---------------------------------------------------|------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
|    | Building Control Service |                                                   |                                          | impact – unsafe buildings                                                                                                                                                                                                                                                                                                                                                                                          |                                             | procedures to change arrangements if required. The service performance will be monitored through agreed Performance Indicators contained in the Contract                                                                                                                                                                                          |                        |
| 11 | 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>• 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> |                        |

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**Regeneration and Culture**

| Service                                                         | Potential Risk                                                    | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                             | Responsibility for controls                                | Risk Avoidance                                                                                                                                                                                                                                                                                             | Risk mitigation                                           |
|-----------------------------------------------------------------|-------------------------------------------------------------------|-----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|
| 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                            |
| 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 Services)                         | Bathing water fails to meet new EU standards<br><br>Ownership and | Med / High                        | Loss of tourism income<br>Reputational damage<br>Extensive operational coordination required.                                                | Asst Director E&P / Resort Manager                         | Project continuing with EA and Southern Water focusing on:<br>Missed connections, sewer system faults, de-silting ponds, natural stream filtration and community engagement                                                                                                                                | Continue working with partners to address known problems. |

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| Service                                      | Potential Risk                                                                                             | Risk Rating<br>(Likelihood / Impact) | Potential Impact                                                                            | Responsibility for controls                      | Risk Avoidance                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Risk mitigation                                                                              |
|----------------------------------------------|------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------------------------------------------------|--------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
|                                              | responsibility of Outfall Pipe                                                                             |                                      |                                                                                             |                                                  | (HVA).<br>Feasibility study will assess longer term protective options including long-sea outfall.<br>Legal Services researching outfall pipe ownership issues.<br><br>AW to update                                                                                                                                                                                                                                                                                  | Capping/re-siting/lengthening of outfall pipe (Major investment)                             |
| White Rock Theatre (Culture)<br><br>Page 121 | Infrastructure failure of equipment (e.g. sound system, boilers etc.).<br>Audience numbers not maintained. | Med / Med                            | Reputation undermined.<br>HBC investment questioned.<br>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.<br>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<br>Manage HQ to the lease with regards to building maintenance. |
| Cliff Railways (Resort Services)             | Mechanical failure.                                                                                        | Low / Med                            | Financial impact.<br>Danger to public safety.<br>Loss of amenity.<br>Reputation undermined. | Resort Manager                                   | Programme of inspections, testing and maintenance.<br>Staff training and awareness.<br>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                                              | Low / High                           | Financial loss.<br>Loss of service (closure).<br>Cultural loss.<br>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                                                                                                                                                                                                                                                                                                                            | Upgrade building security and fire detection/preve                                           |

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| Service                                                     | Potential Risk                                                                                             | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                             | Responsibility for controls             | Risk Avoidance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Risk mitigation                                                           |
|-------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|
|                                                             | through fire, vandalism, alarm failure, staff failure.                                                     |                                   |                                                                                                                              |                                         | place. Fire Risk Assessments completed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | ntion. Increase in staff capacity to prevent vandalism/theft              |
| Flood Risk Management & Coastal Protection(Resort Services) | Impact of severe weather. Failure of defences. 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<br><br>19/20 repair/refurbishment/replacement of 37 timber groynes between Pier and Cinque Ports Way | 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 | Bi annual inspection programme and remedial action<br><br>Maintain existing controls in place (catch fences, signage, barriers)<br>Reporting system in place with other relevant stakeholders                                                                                                                                                                                                                                                                                                                                                                                    | Enhanced inspection regime, but complete risk avoidance almost impossible |

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| Service                                          | Potential Risk                                                     | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                                         | Responsibility for controls                           | Risk Avoidance                                                                                                                                                                                                      | Risk mitigation                                            |
|--------------------------------------------------|--------------------------------------------------------------------|-----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|
| Leisure Services externally funded projects      | Reduction of external funding.                                     | High / high                       | Reduction or loss of services. Reduction or loss of externally funded posts. Failure to meet Physical Activity Strategy targets and public expectations. | Leisure Development Manager / Leisure Team            | We continue to submit external funding applications in order to sustain a range of leisure projects in line with council priorities agreed in the corporate plan.                                                   | No effective avoidance measures identified                 |
|                                                  | Failure to deliver as per external funding contractual agreements. | Low / High                        | Claw back of external funding. Reputation undermined. Legal action. 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. 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. Legal action. 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. Potential impact of safety of participants/staff. 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)          | Failure to operate the Adventure Playground as per contractual     | Low / Med                         | Loss or reduction of service. Failure to meet Play Strategy targets. Failure to meet public                                                              | Play Development Officer in partnership with In2Play. | Regular monitoring meetings with In2Play, includes a focus on the overall funding plan. Play Development Officer to meet In2play 16-1-19 to                                                                         | Increase monitoring activity                               |

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| Service                                                   | Potential Risk                                                                                                                                       | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                             | Responsibility for controls                                                                  | Risk Avoidance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Risk mitigation                                                                                             |
|-----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|--------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
| Services)                                                 | requirements.                                                                                                                                        |                                   | expectations.<br>Reputation undermined.<br>Injuries and accidents to staff and public                        |                                                                                              | discuss 2019/20 funding plans, lease update and confirm quarterly monitoring dates                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                             |
| Duty of care to the Public (All Services)<br><br>Page 124 | Failures of child protection.<br>Negligence in maintaining assets.<br>Out of date policies.<br>Failure to ensure fully trained and competent staff . | Med / Med                         | Injury<br>Claims<br>Financial impact<br>Reputation undermined                                                | Assistant Director / Service Managers                                                        | All staff who have unsupervised access to children and vulnerable adults have Enhanced DBS checks in place. Events/activities designed to minimise risk. – ensure wording is right – enhanced DBS?<br>Risk assessments & periodic system of inspection in place for all park sites and buildings. Legionella, fire and asbestos risk assessments & controls in place. Regular electrical inspections in place. Programme of asset maintenance work in place to maintain all assets.<br>Policies reviewed regularly.<br>Staff training needs assessed at performance reviews, including Health & Safety updates. Contracts monitored with specific arrangements for H&S reporting via monthly meetings. | Risk assessments & periodic system of inspection in place for all park sites and buildings, and activities. |
| Regeneration and Culture                                  | Loss of EU funding programmes<br>HBC is currently developing or pre signature due to BREXIT                                                          | Low/Medium                        | Any programme in development/prior to signature with HBC as a partner (FLAG, CHART, DESTI-SMART all signed.) | Assistant Director Regen & Culture / External Funding Manager / Economic Development Manager | 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.<br>Await news and consultation on the                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Respond to the SPF consultation when open                                                                   |

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| Service  | Potential Risk                                                                                     | Risk Rating<br>(Likelihood /<br>Impact) | Potential Impact | Responsibility<br>for controls | Risk Avoidance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Risk mitigation |
|----------|----------------------------------------------------------------------------------------------------|-----------------------------------------|------------------|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| Page 125 | Loss of EU transnational programmes due to BREXIT and EU programmes no longer requiring UK partner |                                         |                  |                                | <p>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 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<br/>Update June 2018<br/>ERDF CHART agreement signed<br/>Update July 2018<br/>DESTI-SMART agreement signed<br/>Lobby for UK govt funding to replace EU funding post Brexit.<br/>July 19<br/>Further ERDF funding launched by LEP, preparing a bid, Will need to explore Brexit implications.</p> |                 |

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| Service                  | Potential Risk                                                                                                     | Risk Rating<br>(Likelihood /<br>Impact) | Potential Impact                                                                                                                                                                                 | Responsibility<br>for controls                         | Risk Avoidance                                                                                                                                                                                                                                                                                                                                             | Risk mitigation                                                     |
|--------------------------|--------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| Page 1<br>25             |                                                                                                                    |                                         |                                                                                                                                                                                                  |                                                        | <p>Lobby via coastal LEP prospectus work the local industrial strategy, to position coastal towns to bid for UK Shared prosperity fund once available.</p> <p>Oct 19<br/>Low carbon ERDF submitted, Treasury guaranteeing funding.<br/>Stronger Towns Fund promised for Hastings, awaiting prospectus.<br/>Still await news on Shared Prosperity Fund.</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                           | Hopeful that markets will settle and Bank of England supports the economy for businesses.<br>January 2019 - economic uncertainty continues with regard to BREXIT. Risk of no deal Brexit will be explored in detail with partners and the likely local impact and mitigation measures                                                                      | Full risk mitigation difficult at current time                      |

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| Service                  | Potential Risk                                                     | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                                                   | Responsibility for controls           | Risk Avoidance                                                                                                                                                                                                                                                                                 | Risk mitigation                                                                                                                                         |
|--------------------------|--------------------------------------------------------------------|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
|                          |                                                                    |                                   |                                                                                                                                    |                                       | explored.<br>Grants/Loans to stimulate business investment/retention                                                                                                                                                                                                                           |                                                                                                                                                         |
| Regeneration and Culture | Downturn in EU visitor trips                                       | Med /Med                          | Reduced tourism spend<br>Tourism business closures                                                                                 | Marketing and Major Projects Manager  | We are reviewing visitor economy and will explore need for communication regarding visitor market once future Brexit position is clearer                                                                                                                                                       | 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    | Increase staff resources via external funding<br>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. | Realign staff resource to priority projects such as Bohemia and Income Generation.<br>Reduce targets<br>Reduce workload in line with reduction of staff |
| Cultural Programme       | Failure to raise additional funds for 2019/20 & 2020/21 programme. | High /High                        | Reduced impact, reputational damage                                                                                                | Museum & Cultural Development Manager | Council's financial commitment will continue to be used as leverage in external funding bids<br><br>Provision of officer support for events/cultural activity organised by other bodies/groups                                                                                                 | Cultural programme will be tailored to fit within available budget. No other effective avoidance measures identified                                    |
| Cultural Programme       | Failure to build strong local                                      | Med / Med                         | Reputational damage<br>Reduced impact of cultural                                                                                  | Museum & Cultural                     | Cultural Leaders Steering Group now well established and supportive of                                                                                                                                                                                                                         | Step up Cultural Leaders                                                                                                                                |

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| Service                   | Potential Risk                                                         | Risk Rating<br>(Likelihood /<br>Impact) | Potential Impact                       | Responsibility<br>for controls     | Risk Avoidance                                                                                                                                                                                                                                                                        | Risk mitigation                                                                                                    |
|---------------------------|------------------------------------------------------------------------|-----------------------------------------|----------------------------------------|------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
|                           | support for cultural regeneration plans                                |                                         | regen ambitions                        | Development Manager                | strategic 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. | Steering Group activity. Refocus staff activity to engage with funders and local cultural organisations/c ommunity |
| 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. 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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| Service                                                                                    | Potential Risk                                                                  | Risk Rating<br>(Likelihood / Impact) | Potential Impact                      | Responsibility for controls        | Risk Avoidance                                                                                                                                                                                                                                                         | Risk mitigation                                                                                 |
|--------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|--------------------------------------|---------------------------------------|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| Production of the Local Plan Review and other Local Plan related documents<br><br>Page 129 | 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/refocus staff                                                           |
|                                                                                            | Changes to Planning Policy and Guidance                                         | Medium/High                          | Delay                                 |                                    | Reassess priorities through review of LDS                                                                                                                                                                                                                              | No effective avoidance measures identified re                                                   |
|                                                                                            | 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                                                                                                                                                                                   | govt policy changes – out of HBC’s control                                                      |
|                                                                                            | Requisite expertise or capacity not available in-house                          | Med / Med                            | Financial cost                        |                                    | Staff training/CPD<br>Purchase expertise on short term basis<br>Sharing expertise with other LPAs<br>Secure administrative assistance<br>Review programme and priorities                                                                                               |                                                                                                 |
|                                                                                            | Longer process times, especially due to high level of responses                 | Medium/Low                           | Delay                                 |                                    |                                                                                                                                                                                                                                                                        |                                                                                                 |
| Coastal Communities Fund 4                                                                 | Delivery of the programme within the budget and timeframe work agreed with DCLG | Medium / High                        | Delay<br>Financial cost<br>Reputation | Regeneration Manager               | Monitoring arrangements, and employment of dedicated staff.<br><br>All projects completed and outputs met, project close out meetings currently underway with partners. White Rock fountain due for construction and completion by November, within programme deadline | Working closely with partners and input of appropriate levels of resources to deliver projects. |

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| Service                                                                              | Potential Risk                                                                                       | Risk Rating (Likelihood / Impact) | Potential Impact                      | Responsibility for controls                           | Risk Avoidance                                                                                                                                                                                                                                                                                                                                                                              | Risk mitigation                                                                                                                |
|--------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|-----------------------------------|---------------------------------------|-------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|
|                                                                                      |                                                                                                      |                                   |                                       |                                                       | for December 2019.                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                |
| Connecting Hastings and Rother Together (CHART) (see project specific risk register) | Delivery of the programme within the budget and timeframe work agreed with DCLG                      | Medium / High                     | Delay<br>Financial cost<br>Reputation | Economic Development Manager                          | Monitoring arrangements, and employment of dedicated staff.<br><br>Jan 19 - Staff team in place<br>Call 1 launched in June 18. First projects to be commissioned by Spring 19.<br>2 <sup>nd</sup> call to be launched by April 19.                                                                                                                                                          | Working closely with partners and HBC cross council officers to ensure identification of projects / match to deliver programme |
| Hastings Fisheries Local Action Group                                                | Delivery of the programme within the budget and timeframe work agreed with MMO<br><br>BREXIT impacts | 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>All projects approved by March 2019 deadline and all funding allocated (actually extra £30k given by programme).<br>Oct 19<br>Now tracking project status to ensure maximum spend of committed funds. | Working closely with external partners to ensure timely spend by projects.                                                     |
| Redesign and relaunch of 1066 Country Website                                        | Website redesign does not meet requirements<br><br>Continuing                                        | 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                                                                                                                                                                                                                                                                        |                                                                                                                                |

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| Service                            | Potential Risk                                                           | Risk Rating (Likelihood / Impact) | Potential Impact                                                                                            | Responsibility for controls | Risk Avoidance                                                                                                    | Risk mitigation                                                                                                                                                               |
|------------------------------------|--------------------------------------------------------------------------|-----------------------------------|-------------------------------------------------------------------------------------------------------------|-----------------------------|-------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                    | staffing resource not in place to maintain content                       |                                   |                                                                                                             |                             | New website soft launched on 1 July 2019, official media launch 14 October                                        |                                                                                                                                                                               |
| Income Generation                  | See Financial services risk register                                     |                                   |                                                                                                             | Income Generation Manager   |                                                                                                                   |                                                                                                                                                                               |
| Blue Flag and Seaside Award Status | Insufficient resource to meet award criteria resulting in loss of status | Low/High                          | Reduced tourism spend<br>Tourism business closures<br>Reputational damage<br>Financial losses (parking etc) | Resort Manager              | Coordination of public activity to support status<br><br>Link to internal projects – DSO, Marine Litter, FLAG etc | Align operation and resources to deliver service in line with award criteria<br><br>Seek external funding for projects in line with award criteria – cycle hire/play hut etc. |

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