

## APPENDIX 3: CORPORATE RISK REGISTER SUMMARY

Corporate risks: risks that could influence the successful achievement of our long-term core purpose, priorities, and outcomes. These are:

1. Risks that could potentially have a council- wide impact and/ or
2. Risks that cannot be managed solely at a Service Area Level because higher level support or intervention is needed.

HIGH RISKS							
CRR REF	DIRECTORATE OR SERVICE AREA	RISK AREA	Gross Risk Level (Risk is Likelihood x Impact)	Net Risk Level (Risk is Likelihood x Impact)	Last Review Date	Change in Net Risk Level	Risk Owner
<a href="#">CRR7</a>	All Directorates	Climate Change	16 (4X4)	16 (4X4)	CLT Performance Board: 21 January 2025	→	Philippa Dart/ Joe Russell- Wells
<a href="#">CRR10</a>	Growth	Planning Policy & Conservation-Development Plan	12 (3X4)	12 (3X4)		→	Karl Roberts/ Neil Crowther
<a href="#">CRR11a</a>	All Directorates	Major Project- Alexandra Theatre	16 (4X4)	12 (3X4)		↓	Karl Roberts
<a href="#">CRR11c</a>	All Directorates	Major Project- Bognor Regis Arcade	12 (3X4)	12 (3X4)		→	Karl Roberts
<a href="#">CRR19</a>	All Directorates	Littlehampton Harbour Board	16 (4x4)	12 (3x4)		↑	Nat Slade/Tony Baden/Philippa Dart

<b>MEDIUM RISKS</b>							
<b>CRR REF</b>	<b>DIRECTORATE OR SERVICE AREA</b>	<b>RISK AREA</b>	<b>Gross Risk Level (Risk is Likelihood x Impact)</b>	<b>Net Risk Level (Risk is Likelihood x Impact)</b>	<b>Last Review Date</b>	<b>Change in Net Risk Level</b>	<b>Risk Owner</b>
<a href="#">CRR1- A</a>	All Directorates	Financial Resilience	12 (3x4)	8 (2x4)	CLT Performance Board: 21	→	Tony Baden
<a href="#">CRR1- B</a>	Housing/ Finance	Balance of Housing Revenue Account	12 (3X4)	8 (2X4)	January 2025	↓	Tony Baden/ Richard Tomkinson

## CORPORATE RISK REGISTER

<b><u>CRR7: Climate Change</u></b>	<b>HIGH</b>
<b>Risk Owner:</b> Philippa Dart/ Joe Russell- Wells	<b>Last updated:</b> 21 Jan 2025
<b>Risks Identified</b> <ul style="list-style-type: none"> <li>• Failure to make the activities of the Council carbon neutral by 2030.</li> <li>• Failure to complete/ achieve the actions detailed in the Council's Climate Action and Biodiversity Work Plan 2022- 2023.</li> </ul>	
<b>Causes</b> <ul style="list-style-type: none"> <li>• Increased severity of global warming caused by continued use of carbon.</li> <li>• A lack of understanding, resource allocation, and commitment to achieving climate change goals, through both officer actions and members vote.</li> <li>• Slow take- up of energy saving measures e.g. green/ renewable tariffs, smart meters, installation of PV etc.</li> <li>• Increase of sustainable energy costs verses carbon energy in short term.</li> <li>• Inadequate level of sustainability required in proposal/ approved developments.</li> <li>• Inadequate level of sustainability required in the Councils procurement process, for both purchased goods and services.</li> <li>• Slow development of Government led policies for home/office energy standards, including for new developments and retrofit projects.</li> <li>• Lack of financial support through relevant and applicable Government funding/grants.</li> </ul>	
<b>Effects</b> <ul style="list-style-type: none"> <li>• Increased likelihood of extreme weather (hot and cold) and flooding (coastal, fluvial and surface) impacting vulnerable residents, properties and staff.</li> <li>• Extreme weather impacting the delivery of day-to-day services and damaging properties, both residential and cooperate. In turn an increased budget required for regular repairs of these damages.</li> <li>• Detrimental impact on the local environment, including a significant reduction or loss in biodiversity and ecosystem stability.</li> <li>• Continued reduction of air quality and resident health through emissions associated with petrol/diesel fuelled transport.</li> </ul>	
<b>Existing controls/ mitigating actions</b> <ul style="list-style-type: none"> <li>• Prioritisation of climate change in council activity, including within the Vision and the production of a Climate Strategy and Climate Change and Biodiversity Work Plan.</li> <li>• Increased national awareness and drive for change including Member desire to progress climate change agenda. Continued annual monitoring of Scope 1, 2 and 3 emissions in line with greenhouse gas protocols and guidance. An update report was taken to Policy and Finance on 11 December 2024 highlighting emission updates. During this it was agreed that the baseline year would be moved to the 23- 24 Financial Year. An update Climate Action and Sustainability Work Plan (formally Climate Action and Biodiversity Work Plan).</li> <li>• Work has been completed around a procurement 'deep dive' with final documentation issues to officers. This work included extensive analysis and review of procurement emissions and suggested steps that need to be taken to reduce this. Officers have begun to take forward this work.</li> <li>• Development of climate related training for officers (mandatory) and members. This will include an introduction to climate change and sustainability, emissions and what the Council aims to do and is doing to reach the 2030 carbon neutral target.</li> </ul>	

- Provision of Carbon Literacy training at a senior level (including director and group heads, along with managers) to help start behavioural change within the Council. Further training has been carried out through the 23/24 . A cohort targeted an elected members has also been undertaken. A budget for additional carbon literacy training has been included for the 24/25 FY, however CLT will need to encourage staff update due to a sharp reduction of attendance over time.
- Arun become a Bronze certified Carbon Literate organisation in 2023, requirements to become Silver are being reviewed and it is hoped that the Council will become Silver in the future. Due to recent changes in requirements this now requires 30% of staff to be certified.. If CLT are able to support the uptake of officers to this training Arun will be able to become silver certified in the future.
- Engage with Sussex Bay and Kelp Restoration projects. Review is currently being undertaken to determine if Arun can support the storage and collection of ghost fishing nets.
- Work has been completed to undertake feasibility studies on a selection of key buildings for the Council. This will help inform next steps and be essential in applying for future funding opportunities, such as the LCSF and PSDS. At this current time this includes building audits for the Civic Centre, Bognor Town Hall, Arun Leisure Centre, along with a heat decarbonisation plan for Arun Leisure Centre. Future work is being considered to undertake feasibility studies for other sites.
- A bid has been put into the [Investment Readiness Service Grant](#) provided by the Greater South East Net Zero Hub. This includes PV feasibility work and roof assessments for ALC and the Wave.
- Support to be provided to suppliers and contractors, as well as local SMEs, businesses and companies around emission reduction and procurement changes. Additionally, following on from the climate action day for Town and Parish Council's (which took place on 6 June 2024), the next event is taking place in January 2025 with a focus on comms. It is hopeful that a network can be set up for best practises to be shared amongst T&Ps within Arun.

More information can be found on the [Council's climate change website](#).

### Further Actions

Action	Target date
A motion was put forward around examining the concept and feasibility to establish a mechanism of advocacy and improved protect for the River Arun. This is currently being explored by officers and work is being undertaken to determine what the impacts would be for Arun to take this forward.	Jan 2030 Environment Committee
Offsetting is an important step in reaching carbon neutral/net zero targets. Though the Council will be doing everything possible to reduce emissions it is likely that some emissions will remain. To allow the Council to reach this target offsetting options have started to be considered.	April 2025

RISK SCORING	Likelihood	Impact	TOTAL	Change in Net Risk Level
Gross Risk Level	Very Likely (4)	Very High (4)	16	→
Net Risk Level	Very Likely (4)	Very High (4)	16	
Target Risk Level	Likely (3)	High (3)	9	

<b>CRR10: Planning Policy and Conservation (Local Plans Team)</b>	<b>HIGH</b>
<b>Risk Owner:</b> Karl Roberts/ Neil Crowther	<b>Last updated:</b> 21 Jan 2025
<b>Risks Identified</b> <ul style="list-style-type: none"> <li>• Not having an up-to-date Development Plan, guidance and a supporting evidence and monitoring framework.</li> </ul>	
<b>Causes</b> <ul style="list-style-type: none"> <li>• Key staff vacancies not filled/insufficient capacity and experience.</li> <li>• Competing work priorities within the policy team.</li> <li>• Member decisions to pause/postpone.</li> <li>• National Policy changes that have made it increasing difficult to demonstrate a 5-year HLS and incredibly difficult to maintain it. Being unable to maintain it now has far greater implications due to the requirement to demonstrate a HLS at all time.</li> <li>• Adhering to project plan through contract management with appointed lead consultant and co-ordination of required evidence and decisions.</li> <li>• Local government re-organisation and the national devolution agenda resulting in having to take decisions when there are a lot of unknowns.</li> </ul>	
<b>Effects</b> <ul style="list-style-type: none"> <li>• Non compliance with Local Development Scheme – Local Plan update.</li> <li>• Failure to deliver Neighbourhood Plan preparation/updates.</li> <li>• The above would result in failure to have a 5-year land supply in place which would render certain polices out of date and trigger the presumption in favour.</li> <li>• Failure under Housing Delivery Test. This does not place an additional burden as the presumption would already apply without a 5 year land supply.</li> <li>• Risk of Plans being prepared by Government intervention.</li> <li>• Additional budget needed to cover additional National policy requirements.</li> <li>• Legal costs (Appeals and JR) of failure to comply with national planning legislation.</li> <li>• Developments will be granted on appeal at an ever-increasing rate leading to reactive rather than proactive planning. Smaller sites not allocated in Plans would come forward and be difficult to resist. Opportunity for joined up infrastructure would be significantly reduced.</li> <li>• Insufficient evidence commissioning to support plan making.</li> <li>• Inability to progress important work on matter such as biodiversity, climate change or infrastructure (for example). These matters will be contained in future planning policies and betterment will only be secured when policies are adopted.</li> <li>• Abortive work/costs.</li> </ul>	
<b>Existing controls/ mitigating actions</b> <ul style="list-style-type: none"> <li>• Proactive engagement with Members. A need for more regular and detailed meetings to discuss issues and implications.</li> <li>• Clear project plan to be prepared and adhered to.</li> <li>• Regular team meetings specifically on Local Plan update and Neighbourhood Plan to review progress and to identify any difficulties arising with a view to finding solutions.</li> <li>• Full use of Neighbourhood Planning grant.</li> <li>• Ensure statutory consultation stages are achieved and compliant.</li> <li>• Project Initiation Document in respect of the Local Plan completed and subject to regular review. Last reviewed in August 2023 and to be updated in March 2025.</li> </ul>	

## Further Actions

Action	Target date
Political commitment must be sought and agreed. Full Council agreed to proceed with review of Local Plan in July 23.	Ongoing
<p>It was agreed at Committee in July 2023 that a large proportion of the Local Plan preparation can be outsourced. Progress on commissioning has been exceptionally slow and we have yet to be able to send out a brief for this work. Following an identification of a specific resource to progress this, this has made more progress and is scheduled for commissioning in January 2025.</p> <p>There are now significant issues to consider resulting from the government's proposals for devolution and who Arun may ultimately form an authority with. This will have implications not only for what we might do in the short term but also for the work will do (and who we will do it with) in the long term.</p>	Jan 2025
Recruitment has taken place and a new Team Leader and Principal Officer are due to start in February 2025. There would only then be one vacant post within the team and the new Team Leader can progress this if in the form they consider will best suit the teams' needs.	Feb 2025
Political 'buy in' to the Plan preparation process is going to be exceptionally difficult to secure and this has been made even more difficult by the new governments proposed changes to Planning. Even with an extensive programme of briefings and workshops with members being scheduled during the Plan preparation process, there is still going to be a very difficult political decision to take at a time when there will be local elections forthcoming.	Ongoing
Far more certainty around local government re-organisation and devolution so that discussions with other authorities can commence around how and when to begin looking at the scope of a development plan.	Spring/ Summer 2025
Further regular benchmarking – monitoring and review.	

RISK SCORING	Likelihood	Impact	TOTAL	Change in Net Risk Level
Gross Risk Level	Likely (3)	Very High (4)	12	→
Net Risk Level	Likely (3)	Very High (4)	12	
Target Risk Level	Possible (2)	Very High (4)	8	

**CRR11a: Major Project- Alexandra Theatre****HIGH****Risk Owner:** Karl Roberts**Last updated:**  
21 Jan 2025**Risks Identified**

- Failure to regenerate coastal towns within the district.
- Failure to deliver major projects in line with funder requirements meaning funding is withdrawn.
- Insufficient resources to deliver vision and aspirations for the district.
- Delays to the delivery of the project

**Causes**

- Lack of funding to deliver major projects.
- Decisions not made swiftly enough.
- Lack of public/ partnership acceptance of, and buy-in to strategies.
- Multiple major projects running simultaneously- resources stretched.
- Other Council borrowing priorities/ increase in PWLB rates.
- Further uncertainty over availability of Council and external funding in the future.
- Inconsistent decision making leading to projects being started and then abandoned.
- Delays may lead to withdrawal of funding from Govt.
- Contractor doesn't meet programme.

**Effects**


- Project fails to deliver objectives on time and/ or exceeds budget.
- Developers and investors could be deterred.
- Lack of growth.
- Missed opportunities to invest in areas of development potential.
- Lack of visible progress with developments.
- Financial and reputational risk/ poor publicity.
- Development of Council land (car parks etc) could mean temporary loss of income streams.
- Further uncertainty over availability of Council and external funding in the future.
- Business closure e.g. in retail, hospitality and leisure sectors.
- The Council could face large revenue costs for aborted projects if external funding is withdrawn.

**Existing controls/ mitigating actions**

- Briefings for members (held regularly)- **next issue Jan 2025.**
- Project Manager post extended until 31/03/2025.
- **Continue to source external funds. Additional £3m allocated to project.**
- Communications – Press Releases.
- Engagement with Partners e.g.: University, Bognor Regis Regeneration Board, Town & Parish Councils & Arun Arts.
- Specific project risk schedule.
- Provision made for Arun Arts equipment.
- Regularly reviewed at Arun Programme Board.
- Engagement with DLUHC over timetables.
- Director of Growth meeting Project officer regularly.

**Further Actions**


Action	Target date
Monitoring the actions of Arun Arts as the lessee in preparation for the opening in 2026. Regular dialogue taking Place.	Dec 2024

RISK SCORING	Likelihood	Impact	TOTAL	Change in Net Risk Level
Gross Risk Level	Very Likely (4)	Very High (4)	16	
Net Risk Level	Likely (3)	Very High (4)	12	
Target Risk Level	Possible (2)	Very High (4)	8	



<b>CRR11c: Major Project- Bognor Regis Arcade</b>	<b>HIGH</b>				
<b>Risk Owner:</b> Karl Roberts	<b>Last updated:</b> 21 Jan 2025				
<b>Risks Identified</b> <ul style="list-style-type: none"> <li>• Failure to regenerate coastal towns within the district.</li> <li>• Failure to deliver major projects in line with funder requirements meaning funding is withdrawn.</li> <li>• Insufficient resources to deliver vision and aspirations for the district.</li> <li>• Relationship with existing tenants.</li> </ul>					
<b>Causes</b> <ul style="list-style-type: none"> <li>• Lack of funding to deliver major projects.</li> <li>• Decisions not made swiftly enough.</li> <li>• Lack of public/ partnership acceptance of, and buy-in to strategies.</li> <li>• Multiple major projects running simultaneously- resources stretched.</li> <li>• Impact of growth of Butlins and Chichester University influencing local market conditions.</li> <li>• Other Council borrowing priorities/ increase in PWLB rates.</li> <li>• Further uncertainty over availability of Council and external funding in the future.</li> <li>• Inconsistent decision making leading to projects being started and then abandoned.</li> </ul>					
<b>Effects</b> <ul style="list-style-type: none"> <li>• Project fails to deliver objectives on time and/ or exceeds budget.</li> <li>• Developers and invested could be deterred.</li> <li>• Lack of growth.</li> <li>• Missed opportunities to invest in areas of development potential.</li> <li>• Lack of visible progress with developments.</li> <li>• Financial and reputational risk/ poor publicity.</li> <li>• Further uncertainty over availability of Council and external funding in the future.</li> <li>• The Council could face additional revenue costs for aborted projects if external funding is withdrawn.</li> <li>• Need to resolve delivery/ management mechanism for residential units created.</li> </ul>					
<b>Existing controls/ mitigating actions</b> <ul style="list-style-type: none"> <li>• Briefings for members.</li> <li>• Funding secured from Brownfield Land Fund. Other external funding opportunities being explored.</li> <li>• Use of external support – Project Officers.</li> <li>• Communications – Press Releases</li> <li>• Engagement with Partners e.g.: University, Bognor Regis Regeneration Board, Town &amp; Parish Councils.</li> <li>• Specific project risk schedule.</li> <li>• Reviewed regularly at Arun Programme Board.</li> <li>• Regular meetings between Project Manager and P&amp;E.</li> <li>• <b>Planning application due to be submitted Jan/Feb 25</b></li> </ul>					
<b>Further Actions</b> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th data-bbox="108 1933 1366 2007" style="width: 80%;">Action</th> <th data-bbox="1366 1933 1508 2007" style="width: 20%;">Target date</th> </tr> </thead> <tbody> <tr> <td data-bbox="108 2007 1366 2116">Internal discussions to take place regarding possible method of delivery.</td> <td data-bbox="1366 2007 1508 2116" style="text-align: center;"><b>Dec 2024</b></td> </tr> </tbody> </table>		Action	Target date	Internal discussions to take place regarding possible method of delivery.	<b>Dec 2024</b>
Action	Target date				
Internal discussions to take place regarding possible method of delivery.	<b>Dec 2024</b>				

<b>RISK SCORING</b>	<b>Likelihood</b>	<b>Impact</b>	<b>TOTAL</b>	<b>Change in Net Risk Level</b>
<b>Gross Risk Level</b>	Likely (3)	Very High (4)	12	→
<b>Net Risk Level</b>	Likely (3)	Very High (4)	12	
<b>Target Risk Level</b>	Possible (2)	High (3)	6	

<b>CRR19: Littlehampton Harbour Board</b>				<b>HIGH</b>
<b>Risk Owner:</b> Nat Slade/Tony Baden/Philippa Dart				<b>Last updated:</b> 21 Jan 2025
<b>Risks Identified</b>				
<ul style="list-style-type: none"> <li>• Possibility of Arun District Council being liable to pay an unanticipated large sum of the LHB costs. The Council is legally obliged to fund 50% of LHB operational deficit, WSCC funds the other 50%.</li> <li>• The amount to be paid by the Council is in dispute and subject to litigation.</li> <li>• The amount currently sought by the LHB would significantly increase pressure on the Council's revenue budget and capital programme to the extent that the Council would need to identify major cuts to other services and projects.</li> </ul>				
<b>Causes</b>				
<ul style="list-style-type: none"> <li>• LHB levy ADC to fund operational deficit because the LHB does not operate at a surplus.</li> <li>• Additional expenditure would have a major impact on the Council's ability to achieve financial resilience – see CRR1-A.</li> </ul>				
<b>Effects</b>				
<ul style="list-style-type: none"> <li>• Without mitigation, the Council would face a considerable additional revenue budget deficit per annum, on top of the existing structural budget deficit.</li> <li>• A major reduction in the Council's revenue reserves, which <b>could</b> result in the issuing of a section 114 notice.</li> </ul>				
<b>Existing controls/ mitigating actions</b>				
<ul style="list-style-type: none"> <li>• Various meetings and discussions have been held with the LHB and internally amongst officers.</li> <li>• LHB have been advised that ADC does not consider itself liable for the costs of large infrastructure renewal schemes.</li> <li>• Lead and Deputy Leader have been briefed and all Group Leaders were briefed in 2024.</li> <li>• Judicial Review (JR) determination received December 2024 confirming ADC liability.</li> <li>• Application for permission to appeal JR decision submitted in January 2025.</li> <li>• Various clarifications sought on precept proposed by LHB for 25/26 budget.</li> </ul>				
<b>Further Actions</b>				
<b>Action</b>				<b>Target date</b>
Appeal of JR decision if granted permission, possibly Spring 2025.				TBC
<b>RISK SCORING</b>				
	<b>Likelihood</b>	<b>Impact</b>	<b>TOTAL</b>	<b>Change in Net Risk Level</b>
<b>Gross Risk Level</b>	Very Likely (4)	Very High (4)	16	
<b>Net Risk Level</b>	Likely (3)	Very High (4)	12	
<b>Target Risk Level</b>	Unlikely (1)	Very High (4)	4	

<b>CRR1- A: Financial Resilience</b>	<b>MEDIUM</b>
<b>Risk Owner:</b> Tony Baden	<b>Last updated:</b> 21 Jan 2025
<b>Risks Identified</b> <ul style="list-style-type: none"> <li>• Failure to maintain a robust and deliverable budget will lead to a lack of resources to fund services and council priorities, leading to reactive decision making and reputational consequences.</li> <li>• Failure to maximise efficient use of resources and so unsuccessful redirection of resources and not achieving objectives and outcomes of the Council.</li> <li>• Failure to exploit income streams/ income generating activities/ commercial opportunities.</li> <li>• Increased inflation caused by utilities and supply contracts leading to significantly increased, unbudgeted costs.</li> </ul>	
<b>Causes</b> <ul style="list-style-type: none"> <li>• The annual Local Government Finance Settlement not giving certainty beyond the next financial year.</li> <li>• The outcome of proposed Government reviews of the local authority funding system, e.g. the Fair Funding review, Business Rates review.</li> <li>• Reduction in government grants and external funding.</li> <li>• The financial impact following the outcome of the Littlehampton Harbour Board judicial review.</li> <li>• Ineffective financial/ budget management and monitoring.</li> <li>• Increased cost of building/ construction and maintenance.</li> </ul>	
<b>Effects</b> <ul style="list-style-type: none"> <li>• Non- achievement of corporate priorities.</li> <li>• Budget deficit.</li> <li>• Forced to make savings leading to a reduction in the quality-of-service delivery.</li> <li>• Increased costs and lower returns on investments.</li> <li>• Minimal return from income generating activities/ commercial opportunities.</li> <li>• Further pressure on demand led services e.g. benefits, homelessness etc.</li> <li>• Reduction or delays in housebuilding and maintenance of corporate/ commercial buildings.</li> <li>• Significant pressure on contracts, staff and projects.</li> <li>• If the Council is unable to achieve financial resilience through a balanced revenue budget, the Section 151 officer would be obliged to issue a section 114 notice, which would prohibit all new expenditure. This would be a very serious situation for the Council because under the 1988 Local Government Finance Act, it is not permissible for a Council's expenditure to exceed its income. However, this is currently deemed to be highly unlikely.</li> </ul>	
<b>Existing controls/ mitigating actions</b> <ul style="list-style-type: none"> <li>• Medium Term Financial Strategy (MTFS) regularly reviewed and reported to Members at the Policy &amp; Finance Committee.</li> <li>• Annual budget setting and quarterly budget monitoring of income and capital and revenue expenditure .</li> <li>• Regular reports to CMT, raising awareness of our current financial position. This includes the budget monitoring report, medium- term forecast and specific service area requirements e.g. quarterly report on the HRA to CMT.</li> <li>• Production of the annual Capital Strategy.</li> <li>• Continue to maximise Council tax increases.</li> <li>• Control of expenditure- Approval limits and routes for additional funding are detailed in the Council's Constitution and Financial Regulations.</li> <li>• Monitoring of potential changes to government policy, legislation etc.</li> </ul>	

- Maintenance of sufficient reserves.
- Officers concluded a service planning review exercise in September 2023. Proposals put forward by Group Heads were discussed with the Joint Chief Executives and identified significant savings in the 2024/25 budget which Members approved as part of the 2024/25 budget setting process.
- Potential legal challenge to the outcome of the Littlehampton Harbour Board judicial review.

### Further Actions

Action	Target date
Monitoring and reporting to CMT of the £1.5m savings approved as part of the detailed 2024/25 revenue budget.	May 2025
Two iterations of the MTFP have been reported to Members since October 2023, as well as several briefing sessions. It is intended that a further update will be presented to the December Policy & Finance committee.	
Implementation of the Council's Financial Strategy, approved by Full Council on 10 <sup>th</sup> January 2024.	Ongoing

RISK SCORING	Likelihood	Impact	TOTAL	Change in Net Risk Level
<b>Gross Risk Level</b>	Very Likely (3)	Very High (4)	12	→
<b>Net Risk Level</b>	Possible (2)	Very High (4)	8	
<b>Target Risk Level</b>	Unlikely (1)	Very High (4)	4	

<b>CRR1- B: Balance of Housing Revenue Account (HRA)</b>	<b>MEDIUM</b>
<b>Risk Owner:</b> Tony Baden/ Richard Tomkinson	<b>Last updated:</b> 21 Jan 2025
<b>Risks Identified</b> <ul style="list-style-type: none"> <li>• HRA reserves and balances have consistently reduced since 2021/22 to now <b>critical</b> levels. Current balances are below the target level of £2m.</li> <li>• <b>HRA reserves could fall into illegal deficit.</b></li> <li>• National pressures and high HRA operating costs have increased the risk of further HRA deficit in year.</li> </ul>	
<b>Causes</b> <ul style="list-style-type: none"> <li>• Increased supply cost and inflationary pressures, <b>coupled with historic rent freezes and an increase cap in 2023/24.</b></li> <li>• <b>Additional regulatory burdens.</b></li> <li>• Historically high Supervision and Management and Repairs and Maintenance costs within the HRA.</li> </ul>	
<b>Effects</b> <ul style="list-style-type: none"> <li>• HRA Reserves and Balances have effectively been reducing since 2021/22 and are now at critical levels</li> <li>• Financial loss to the Council, and reputational damage</li> <li>• Impacting the scope to which current housing services can be improved</li> <li>• Limiting the delivery of future developments in housing such as new build.</li> </ul>	
<b>Existing controls/ mitigating actions</b> <ol style="list-style-type: none"> <li>1. Insourcing repairs Contract: The Council has in-sourced the repairs contract from external providers Osbournes. It is anticipated that this will deliver substantial net saving to the HRA (£0.7m). Housing in partnership with Finance are closely monitoring all aspects of repairs to ensure the savings are delivered and that there is evidence to support this.</li> <li>2. Improving Financial Management and Control within the HRA: A dedicated Project Accountant has been appointed (June 2024) to strengthen and support the HRA with Financial Management and Business planning: Programme of work includes: <ol style="list-style-type: none"> <li>a. Implementation of Monthly Financial Reporting to CLT in relation to the HRA, with the focus on a risk-based approach.</li> <li>b. Improving budget monitoring to ensure responsibility and accountability sit with HRA Budget Holders. There will be ongoing training and development with the department to deliver this.</li> <li>c. Delivering monthly Finance / Housing workshops, covering areas such as Debt Management/Repairs Forecasting/Capital Revenue <b>expenditure</b>/Business Planning/<b>developing a MTFP for the HRA</b>/Use of RTB receipts</li> <li>d. Improving Month End Process: Ensure there are robust and accurate month end procedures particularly in relation to the E5, Rents/Rent Debt, Repairs and delivery of savings, Salaries, and Voids management. The aim is to ensure there is one <b>central set</b> of accounts.</li> <li>e. Improving Stakeholder management: Ensuring key stakeholders are engaged with HRA financial Management and control through: Monthly Finance budget holder surgeries, Regular workshops on Finance issues, Engaging and updating CLT/Members, ensuring the Business Plan is live and up to date, and engagement and ownership of HRA savings programme.</li> <li>f. Improving HRA Policy and Procedures: The short-term focus will be on Debt management procedures and policies particularly in relation to Current Tenant</li> </ol> </li> </ol>	

Arrears (CTAs). Further areas of review will be Voids, Repairs, and Capital vs revenue split.

- g. Technical Accounting Issues: Ensuring full adherence to CIPFA Service reporting accounting code of practice (SERCOP) in relation to the HRA. Note any changes in methodology will be subject to External Audit review and opinion.

3. Refresh and Update of HRA 30 Year Business Plan. This has been completed and will be reported to the Housing and Wellbeing committee in February 2025. This shows actions taken to date (including in-sourcing the repairs service, service charge de-pooling to increase revenue and a programme of savings and efficiencies on supervision and management over each of the next 5 years) has been successful in moving the stress/ risk away from revenue to contain it in capital investment in major works and decarbonisation. Progress has also been made on the development of an HRA MTFP for 25/26 and we have published our new Housing Strategy 2004-29.
4. Systems integration efficiencies: The HRA business improvement team in partnership with Finance will ensure the Housing Management system (CX) is fully integrated with the financial information system (E5) and the organisation is maximising use of IT and its interfaces to improve budget control and management.
5. Workstream Re-alignment  
Work is underway to re-align resources within Housing Services to focus on current and future operational and strategic challenges, including dedicated resources for income maximisation/arrears recovery.

#### Further Actions

Action	Target date
1. De-pooling Service Charges: A programme of development work will be led by HRA business improvement team and finance. The current plan for Phase 1 has been agreed: The focus will be on recharging for services provided to tenants and leaseholders by utilising the service charge module in Civica. The timeline is estimated to be 9 months with a goal of introducing De pooled services charges in 25/26 financial year. Note the impact of de-pooling will be reflected in 25/26 HRA budgets, with an on-going resource requirement (increase in established expenditure) on a spend to save basis.	Feb 2025

RISK SCORING	Likelihood	Impact	TOTAL	Change in Net Risk Level
Gross Risk Level	Likely (3)	Very High (4)	12	↓
Net Risk Level	Possible (2)	Very High (4)	8	
Target Risk Level	Possible (2)	Very High (4)	8	