

## Annex 1 – Strategic risks 2023/24

Ref.	Description	Portfolio holder
SR1	<p><b>Financial sustainability</b></p> <p>A combination of current adverse macroeconomic conditions and the wider local government funding context have created conditions of unprecedented financial uncertainty and challenge for the Council.</p> <p>The Council is therefore increasingly reliant on generating additional income and identifying savings and efficiencies from existing budgets. If not mitigated, these financial challenges risk an adverse impact on the Council’s ability to deliver its Corporate Plan objectives.</p>	<p><b>Cllr Schofield</b></p>
SR2	<p><b>Commercial investment</b></p> <p>The generation of income from commercial investment is a contributor to the Council’s financial sustainability. Following several high-profile commercial investment failures by local authorities, the ability to invest for a commercial purpose is being further restricted by changes in legislation, regulations, and codes of practice.</p> <p>Moreover, investing for commercial purposes – either in assets or in trading services – is not without risk due to market fluctuations and factors outside of the Council’s control.</p> <p>The risks associated with commercial investment range from the non-achievement of budgeted income to significant capital and revenue losses, as well as governance, legal and reputational issues.</p>	<p><b>Cllrs Archer and Schofield</b></p>
SR3	<p><b>Challenging economic conditions for residents and businesses</b></p> <p>A prosperous economy is essential for the wellbeing of the borough, creating employment and wealth that benefits local people and businesses.</p> <p>Prevailing economic conditions have a direct impact on the Council’s financial position and likewise impacts upon the demand for Council services, particularly in terms of income derived from fees and charges and the collection of monies owed.</p> <p>Challenging financial circumstances for residents may also increase their reliance on Council services which could result in cost pressures on the Council. The risk of the latter is exacerbated by household budgets being stretched by current high levels of inflation and rising consumer prices.</p>	<p><b>Cllrs Humphreys, Neame and Ashford</b></p>
SR4	<p><b>Organisational capacity and culture</b></p> <p>An effective and efficient organisational capacity and culture is key to the council’s ability to deliver on its corporate objectives.</p> <p>A combination of strong labour market conditions and associated higher turnover of staff nationwide, increasing move to a ‘Hybrid Working Culture’, and the requirement by the council to comply with the objectives</p>	<p><b>Cllr Lewanski</b></p>

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	<p>of the financial sustainability programme have introduced new complexities.</p> <p>These factors underscore the importance of the Council prioritising its activities and being sustainably and efficiently resourced to meet the challenges ahead. The embedding of a robust and resilient organisational culture that successfully supports officers and members and makes the Council an attractive place to work is similarly key. The failure to do will risk the delivery of the Council's objectives.</p>	
SR5	<p><b>Cost pressures affecting the viability of Council developments</b></p> <p>The UK construction sector has seen an increase in building material and labour costs arising from uncertainties in the global supply chain and inflationary pressures.</p> <p>This disruption and increase in costs may impact the Council's ability to deliver economically viable development projects, where tenants may increasingly seek higher capital investment. It is now increasingly important that the council has appropriate funding/incentives to encourage commercial tenants for the lettings.</p> <p>The effects of this are multifaceted but could result in negative financial implications as well as jeopardising the delivery of strategic corporate objectives.</p>	Cllrs Biggs and Schofield
SR6	<p><b>Local government reorganisation, devolution and Levelling Up</b></p> <p>A reorganisation of local government could be prompted by a range of scenarios and circumstances, including the financial failure of an authority within Surrey or as part of the government's devolution and 'Levelling Up' agenda. The uncertainty surrounding, and subsequent results of, any local government reorganisation could adversely affect the Council and the delivery of services for residents.</p>	Cllr Brunt
SR7	<p><b>ICT network capacity and resilience</b></p> <p>There has been a significant shift in the way that the Council works over the last few years, with increasing demands placed on technology and the underlying supporting ICT infrastructure as part of business-as-usual activities.</p> <p>As the reliance and demands placed upon technology continues to increase, there is a risk of significant disruption to service delivery in the event of network disruption and/or outage, particularly following a cyber-attack.</p> <p>It is therefore imperative that the Council continues to invest in robust systems, infrastructure, network security and disaster recovery capabilities to manage this risk and maintain the delivery of services.</p>	Cllr Lewanski

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<b>SR8</b>	<p><b>Fraud</b></p> <p>Due to the wide range of activities undertaken by the Council, there is a risk of fraud being committed. The risk of the latter is exacerbated from both legacy areas of activity and changes and additions to areas in which the council operates where fraud may be committed.</p>	<b>Cllr Schofield</b>
<b>SR9</b>	<p><b>Gatwick Airport</b></p> <p>Gatwick Airport is indicated its commitment to pursue its plans for expansion. Whilst the airport is a key local employer and its operations and supply chains have a significant bearing on the borough's economy, its expansion risks local environmental and infrastructural issues if not appropriately planned for and outcomes managed.</p>	<b>Cllr Biggs</b>
<b>SR10</b>	<p><b>Planning system reform</b></p> <p>The Council is in the process of implementing a new Local Plan, which will outline the delivery of housing, both affordable and private, within the borough.</p> <p>The Department for Levelling Up, Housing and Communities published proposals that seek to alter the overarching National Planning Policy Framework.</p> <p>These plans would also introduce controversial national development management policies (NDMPs) intended to help slim down local plans.</p> <p>There is currently a great deal of uncertainty and lack of clarity over what the revised planning policy framework will change. If radical changes are introduced this may add uncertainty or delay into the new Local Plan process or impact on the Council's ability to implement the future Local Plan's objectives.</p>	<b>Cllr Biggs</b>
<b>SR11</b>	<p><b>Climate change impact</b></p> <p>It is widely recognised that the Earth's climate is changing, with this forecast to result in more extreme weather. This could have negative impacts, including on the built and natural environment, with vulnerable residents likely to be most severely impacted.</p> <p>In response, the Council may encounter difficulties in delivering services and may similarly have additional demands placed upon it, particularly as climate change adaptation and mitigation becomes increasingly necessary.</p>	<b>Cllrs Lewanski and Brunt</b>