

## ANNEX 1 – Q4 2020/21 STRATEGIC RISKS UPDATE

Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
SR2	<p><b>Financial sustainability</b></p> <p>The Council is now operating in a uniquely challenging and uncertain financial context.</p> <p>In the wake of the COVID-19 pandemic and likely recession which will follow, the Council faces a period of unprecedented financial uncertainty.</p> <p>The ongoing financial settlement with the Government also remains unclear with the Fair Funding Review and Business Rate Reset and Revaluation being delayed.</p> <p>The most significant risks relate to the extent to which the Government will fund the unplanned expenditure that is being incurred to deliver the Council's COVID-19 responsibilities at the same time as experiencing material reductions in income from fees and charges and local taxes. If this substantial financial burden is not mitigated through direct Government support these unplanned financial pressures will have an adverse impact on the Council's capacity to deliver against its Corporate Plan ambitions in future years.</p>	Cllr Schofield	RED	<p>The Council's updated Medium-Term Financial Plan was reported to the Executive in January 2021. This sets out the forecast budget challenges over the coming five years and will form the basis for service and financial planning for 2022/23 onwards.</p> <p>COVID-19 has resulted in material new financial risks, both in 2020/21 and over the medium term. Additional unbudgeted expenditure has been incurred to deliver the authority's response and budgeted sources of income have been impacted by reduced demand during lockdown. At the close of the 2020/21 financial year the overall budget outturn is a net underspend for the council, with reserves remaining healthy.</p> <p>In Q4 the Council submitted its a third claim to Central Government for lost income as a result of the COVID-19 pandemic.</p> <p>The Council is now in receipt of external advice on how to deliver appropriate commercial structures, roles and responsibilities and the relevant sub-committee is considering how to take this forward.</p> <p>Despite the impact of COVID-19 on priorities and workloads, the Council adopted Part 1 of its Commercial Strategy in Q3 demonstrating the continued importance of:</p> <ul style="list-style-type: none"> <li>(i) adopting and implementing strategies that support sustainable income generation and (ii) taking forward income generating projects such as Horley Business Park, and a crematorium.</li> </ul>	—

## ANNEX 1 – Q4 2020/21 STRATEGIC RISKS UPDATE

Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
			HIGH	This risk will transfer over to the 2021/22 strategic risk register as 'SR2 – Financial Sustainability'.	
SR3	<p><b>Local government reorganisation</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 a new devolution agenda.</p> <p>Given the COVID-19 Pandemic, a mandated reorganisation or devolution is unlikely. Instead, changes are most likely to result from a neighbouring or partner authority's financial failure or distress.</p> <p>The results of a possible reorganisation are uncertain, though it could adversely affect this Council and the delivery of services for residents.</p>	Clr Brunt	AMBER	<p>The 2019 Queen's speech announced an upcoming white paper on devolution and local government reorganisation.</p> <p>In response to the latter, in the summer of 2020 Surrey County Council announced its intention to develop a proposal for a single unitary authority to cover the county. The proposal would have necessarily involved the abolition of all districts and boroughs. The Council was a joint signatory to a letter to the Secretary of State, Robert Jenrick MP, which requested that the government give consideration to alternative proposals for the structure of local government in Surrey.</p> <p>Surrey's proposal was not one of three that the government invited to take forward.</p> <p>During the year the government announced that the White Paper will now follow in the latter part of 2021 – delayed from Autumn 2020. It has also been confirmed that, at present, the government is not pursuing a mandatory top down reorganisation.</p> <p>As the country moves into the recovery phase the Government's legislative agenda could change the context within which the Council operates, including funding settlements and subsequent proposals around devolution.</p>	■

## ANNEX 1 – Q4 2020/21 STRATEGIC RISKS UPDATE

Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
			YELLOW	<p>Irrespective of the ongoing debate on devolution and reorganisation, the Council's neighbouring and partner authorities are operating in the same strained financial circumstances as detailed in SR2 above. The financial failure of a neighbouring or partner authority is therefore still a risk, which could result in a reorganisation of local government.</p> <p>This risk will transfer over to the 2021/22 strategic risk register as 'SR3 – Local government reorganisation'.</p>	
SR4	<p><b>Partner public sector funding decisions</b></p> <p>The public sector is experiencing significant funding pressures. Budgetary decisions made by other public service providers will impact this borough's residents and businesses as well as the Council itself.</p> <p>The COVID-19 pandemic has increased pressure on public services. These pressures may result in partners being stretched which may require the Council to increase services and support provided. This could have negative funding and resource implications.</p>	Cllr Schofield	AMBER	<p>Our partner public sector organisations are operating in a similarly challenging financial context as detailed in SR2 above.</p> <p>As per SR3, the financial distress or failure of a partner or neighbouring authority could result in changes to the structure of local government in Surrey.</p> <p>As of Q4 2021 reporting, this risk is recommended for closure as the Council's funding reliance on the County Council has reduced in recent times, therefore reducing the potential impact of any funding or budget decisions they make. This closure aligns with the finalisation of the Council's and Surrey's 2021/22 budgets. Any other impacts from public sector funding decisions going forward will be covered in SR2 – Financial Sustainability; in the 2021/22 Strategic Risk Register.</p>	

## ANNEX 1 – Q4 2020/21 STRATEGIC RISKS UPDATE

Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
SR5	<p><b>Organisational capacity and culture</b></p> <p>The Council has adopted an ambitious Corporate Plan, supported by a capital investment, housing and Great People strategy.</p> <p>The COVID-19 pandemic will change the way the Council operates and will drastically change the organisational culture and ways of working.</p> <p>The Council will continue to be ambitious and the new ways of working will need to be embraced by both members and officers in order for objectives to be achieved.</p> <p>The failure to remain ambitious will risk the delivery of these objectives in these unprecedented times.</p>	Cllr Lewanski	AMBER	<p>Before the COVID-19 pandemic significant work was undertaken on the Council's Great People work programme (formerly known as the Organisation Development strategy). This has formed a solid basis for post COVID planning.</p> <p><b>Organisational culture and staff wellbeing:</b> The pandemic has resulted in a need for the organisation to work differently, such as embracing 'hybrid working'. Projects in this area are being driven forward by the Organisation Board.</p> <p>Priority is being given to understanding and addressing staff welfare and wellbeing issues.</p> <p><b>Capacity and resilience:</b> As recently agreed by the Employment Committee, the recruitment of a new Chief Executive will be paused and reconsidered after the May 2021 local elections. Suitable plans are in place within the Management Team to cover all duties. Recruitment successfully took place in Q4 to increase capacity in the Management Team, with a new Strategic Head of Corporate Resources joining the Council in June 2021.</p> <p>This risk will transfer over to the 2021/22 strategic risk register as 'SR4 – Organisational Capacity and Culture'.</p>	■
SR6	<p><b>Economic prosperity</b></p> <p>A prosperous economy is essential for the wellbeing of the borough, creating employment and wealth that</p>	Cllrs Humphreys and Schofield	RED	<p>The latest available data (current as of April 2021) shows that Reigate and Banstead continues to have the highest number of furloughed employees in Surrey. The Job</p>	■

## ANNEX 1 – Q4 2020/21 STRATEGIC RISKS UPDATE

Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
	<p>benefits local people and businesses. The COVID-19 pandemic will have negative impacts upon the economy, with forecasts suggesting the worst recession in a century.</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 paid for services and the collection of monies owed. Challenging financial circumstances for residents may also increase their reliance on Council services.</p>			<p>Retention Scheme is currently expected to end by the 30<sup>th</sup> September 2021. The scheme has supported a significant number of jobs in the borough and for residents that work outside of Reigate and Banstead.</p> <p>In Q4 the Council launched the East Surrey Work Local Youth Hub. The Hub is an initiative to combat the recent increase in youth unemployment and to support the growth of local skills. The Council will work in partnership with the Department for Work and Pensions and Tandridge District Council to provide support in finding work and developing skills to young unemployed residents and those facing redundancy.</p> <p>We continue to offer a range of support to local businesses, and to use local business networks to ensure we are aware of the challenges facing local companies.</p> <p>An East Surrey COVID-19 recovery taskforce has been launched by local MPs. The Council will continue to proactively engage with this group. The taskforce continued to meet through Q4 and has been successful in encouraging a greater number of businesses to apply for funding to the Coast-Capital Local Enterprise Partnership. Q4 has continued to see an increase in applications, and the partnership is looking into securing funding for local infrastructure projects.</p> <p>The “R&amp;B Works” project launched in Q4. This project intends to highlight and provide support towards securing local employment</p>	

## ANNEX 1 – Q4 2020/21 STRATEGIC RISKS UPDATE

Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
			RED	<p>opportunities for residents. Since its launch, other Local Authorities in East Surrey have expressed an interest in partnering with the Council on this initiative.</p> <p>This risk will transfer over to the 2021/22 strategic risk register as 'SR5 – Economic Prosperity'.</p>	
SR7	<p><b>Reliance on the welfare system</b></p> <p>The COVID-19 pandemic has resulted in increasing numbers of residents being reliant upon the welfare system as the economy is negatively impacted. This increases the risk of household budgets being stretched and residents being threatened with homelessness. The latter could result in an increase in cost pressures on the Council as our services are increasingly relied upon.</p>	Cllr Knight	RED	<p>The COVID-19 pandemic has resulted in significant negative economic impacts on residents. The Council will closely monitor the impact of the gradual ending of the government's furlough scheme and the impact on local residents. The scheme has been extended several times and is expected to conclude at the end of September 2021.</p> <p>The Council continues to administer Test and Trace support payments. The payment of £500 is for people on low incomes who are unable to work from home if they are told to self-isolate by NHS Test and Trace and will lose income as a result. The initial allocation of funding was spent, with additional funding received to carry on with the payments received during the quarter.</p> <p>The full roll-out date for universal credit has yet to be confirmed. However, the system is live for those experiencing changes in their circumstances. The effects of COVID-19 has increased universal credit claimants in the borough.</p> <p>The Council's Money Support service is receiving increased referrals in comparison to</p>	■

## ANNEX 1 – Q4 2020/21 STRATEGIC RISKS UPDATE

Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
				<p>previous years. This will continue to be monitored and services adjusted/scaled up if required. Additional resourcing has been identified to support the service.</p> <p>The Housing service continues to apply for government grants where these have been made available. The service has been successful in securing a number of grants aimed at alleviating homelessness issues.</p> <p>The Council has also participated in a cross-Surrey application made to the 'Changing Futures Fund'. This fund is a new pilot service aimed at providing support to vulnerable homelessness clients. As of the end of Q4, the bid of which the Council is part, has made it to the final round (last 20 applicants, of 70). Of the 20, 15 will be allocated grants of up to £3.4 million to tackle a range of health, wellbeing, and housing issues.</p> <p>As of the end of Q4, courts are now operating and are able to issue possession orders. However, the ban on bailiff enforcement action is currently due to expire on 31 May. It is possible the ban may be extended beyond this date.</p> <p>When the ban on evictions ceases, however, there is an expectation that the Housing service will experience an increase in homelessness applications.</p> <p>This risk will transfer over to the 2021/22 strategic risk register as 'SR6 – Reliance on the Welfare System.'</p>	

## ANNEX 1 – Q4 2020/21 STRATEGIC RISKS UPDATE

Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
SR8	<p><b>Cyber security</b></p> <p>Organisations are at an ever-increasing risk of cyber-attack as the use of digital systems and technologies increases. More sophisticated attacks and new variants of malicious software underscore the risk of corporate defences being compromised.</p> <p>The shift to remote working and teleconferencing in response to COVID-19 could potentially compromise cyber security.</p> <p>The effects of a cyber-attack are wide and varied though at their worst could result in data destruction, disruption to the delivery of services and data theft.</p>	Cllr Lewanski	AMBER	<p>ICT reports data security matters to the Senior Information Risk Officer (SIRO). The ICT customer base will be kept informed of any specific threats and will be continually reminded to be vigilant when opening email or browsing websites, particular those from unknown sources.</p> <p>The 2020 assessment of ICT security standards, set by the Cabinet office and known as the Public Sector Network Code of Connection (PSN CoCo), has been passed and certificated. Certification for 2021 is expected in June.</p> <p>The Council was audited on cyber security in February 2021 by the internal auditors. The Council received an assurance opinion of 'reasonable' (green).</p> <p>ICT are currently working with the National Computer Centre to implement a statement of works to improve the Council's cyber security. The work is due to complete at the end of June 2021 and will inform future improvements in 2021/22.</p> <p>This risk will transfer over to the 2021/22 strategic risk register as 'SR7 – Cyber Security'.</p>	—
SR9	<p><b>Fraud</b></p> <p>Due to the wide range of activities being undertaken by the Council, there is a risk of fraud being committed. The latter is exacerbated by the new areas of activity</p>	Cllr Schofield	AMBER	<p>The new areas of activity that the Council has delivered since the pandemic started increase the risk of fraud. The Council nevertheless has robust control measures in place to protect public funds from fraudulent activity.</p>	—

## ANNEX 1 – Q4 2020/21 STRATEGIC RISKS UPDATE

Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
	which the Council has launched following the COVID-19 pandemic.		■■■■■ (Red)	<p>The Council's processes regarding the payment of small business grants were audited by the Council's internal auditors in Q2 of this financial year. An opinion of 'substantial assurance' was received, with no management actions recommended. An audit on discretionary grant payments took place in Q3, with the service also receiving a "substantial assurance" opinion, with no management actions recommended.</p> <p>The Council's anti-fraud policies and procedures were audited by the Council's internal auditors in Q4 2019/20 and received 'Adequate' assurance. All management actions arising from this audit have been completed.</p> <p>This risk will transfer over to the 2021/22 strategic risk register as 'SR8 – Fraud'.</p>	
SR10	<p><b>Marketfield Way</b></p> <p>Marketfield Way is a major place delivery project for the Council and is critical to shaping Redhill and ensuring the town's continued vitality and viability. It will also generate income which can be reinvested in Council services.</p> <p>The COVID-19 pandemic will likely negatively impact upon this development, including in its delivery as well as its financial viability.</p>	Cllr Humphreys	■■■■ (Amber)	<p>The project continues to be on track.</p> <p>Enabling works have now been completed, and full works have commenced. Office based staff continue to work remotely and social distancing measures are in place on site. These safety measures are aligned to industry standards as well as all relevant government guidance. This is a key control to prevent work on site being delayed.</p> <p>We have entered into a building contract which reduces financial risk to Council by fixing a high proportion of outstanding costs.</p> <p>Further funding has now been secured from the Local Enterprise Partnership (LEP).</p>	■■■■ (Amber)

## ANNEX 1 – Q4 2020/21 STRATEGIC RISKS UPDATE

Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
			Yellow	<p>Securing tenancy agreements will be continually monitored alongside the Council's commercial agent. The council is adopting a flexibility-of-use methodology for Marketfield Way's commercial units.</p> <p>The Council has entered into dialogue with a number of cinema operators as confidence in the market returns as the economy comes out of the latest national lockdown.</p> <p>In Q4, the Council has instructed its lawyers to commence drafting work for a lease with a major retailer for a Marketfield Way retail unit.</p> <p>The project was recently audited by the Council's internal auditors and received an assurance rating of 'substantial'.</p> <p>This risk will transfer over to the 2021/22 strategic risk register as 'SR9 – Marketfield Way'.</p>	
SR11	<p><b>Gatwick Airport</b></p> <p>The COVID-19 outbreak is likely to have a prolonged negative impact on Gatwick airport. The outbreak has seen a large reduction in air travel which can be expected to continue into the foreseeable future due to the negative economic outlook and likely ongoing global travel restrictions.</p> <p>As a key local employer the financial position of the airport will likely have a negative effect on local employment, which may result in an increased number of residents seeking support from the Council.</p>	Cllr Humphreys	Red	<p>As noted above, Reigate and Banstead continues to have the highest number furloughed employees in Surrey. It is likely that a high number of Reigate and Banstead residents are on furlough from Gatwick and its associated supply chain. As of end of Q4, Gatwick continues to operate at severely reduced levels, with majority of staff remaining on furlough.</p> <p>Prior to third lockdown announced before Christmas, Gatwick had indicated some confidence of returning to around 50% of normal capacity in the summer of 2021. This</p>	–

## ANNEX 1 – Q4 2020/21 STRATEGIC RISKS UPDATE

Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
			HIGH	<p>recovery is subject to the success of the vaccination program and may be limited by any future travel restrictions.</p> <p>This risk will transfer over to the 2021/22 strategic risk register as 'SR10 – Gatwick Airport'. The 2021/22 risk will also incorporate the planned intensification/expansion of Gatwick.</p>	
SR12	<p><b>COVID-19: second wave/local lockdown</b></p> <p>In the event of a second wave or local lockdown, the Council will be required to stand up its response to support residents and businesses.</p> <p>This will result in members of staff being redeployed and could result in significant disruption to the delivery of services.</p>	Cllr Brunt	AMBER	<p>A third national lockdown commenced during Q4. During the quarter the government published its roadmap out of the national lockdown. Restrictions began to be lifted on 8 March with further easing set to take place on 17<sup>th</sup> May.</p> <p>The Council has continued to utilise its robust plans to provide services under the lockdown restrictions. This has included providing support services to residents and businesses as well as maintaining business continuity and the delivery of core statutory services.</p> <p>Where paused or altered, Council services are restarting as appropriate and in full accordance with government guidance and the roadmap out of lockdown.</p> <p>It is important to note that operating within the confines of, and responding to, Covid-19 has now become 'normal' for the Council. Ongoing disruption is expected and is being planned for.</p> <p>The Council has utilised learning from partners in Surrey in order to make precautionary preparations to support surge testing in the</p>	

## ANNEX 1 – Q4 2020/21 STRATEGIC RISKS UPDATE

Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
				<p>borough, if this required alongside colleagues at Surrey Public Health and the Department for Health and Social Care.</p> <p>This risk will transfer over to the 2021/22 strategic risk register as 'SR1 – COVID-19 Pandemic'.</p>	
SR13	<p><b>Reform of the planning system</b></p> <p>Following the publication of the 'Planning for the Future' white paper, the government is consulting on changes to planning system.</p> <p>Whilst the proposals are at an early stage and are subject to later change and revision, the current White Paper proposes increasing the threshold at which affordable housing is required from developments from 10 units to 40 or 50.</p> <p>Given the large number of developments in the borough offering 11-40 homes, the increase in the threshold to 40 would reduce RBBC's delivery of affordable housing by up to approximately 60%.</p> <p>This change could therefore negatively impact delivery of affordable housing in the borough.</p>	Cllr Biggs	AMBER	<p>In Q2 the Council responded to the consultation by central government and lodged its opposition to the white paper's proposals as currently defined, principally in regard to the loss of affordable housing in the borough. The consultation closed on 29 October 2020. As of the end of Q4, the outcomes of the Central Government's proposals for structural reform of the planning system are still unknown.</p> <p>A more immediate plan to reduce the threshold for affordable homes from developments of 11 homes to 40 or 50 has been abandoned meaning that medium sized developments between 11 and 40/50 homes will still be required to provide affordable housing.</p> <p>The Council continues to pursue the delivery of affordable housing within the borough as articulated in the Housing Delivery Strategy.</p> <p>This risk will transfer over to the 2021/22 strategic risk register as 'SR11 – Reform of the Planning System'.</p>	