

Section 6

RISK MANAGEMENT

Strategic risks for 2020/21

The table below details the strategic risks that have been identified for 2020/21:

| Ref. | Description | Portfolio Holder |
|------------|---|------------------|
| SR1 | <p>Brexit</p> <p>The UK's withdrawal agreement with the European Union includes a transition period where the pre-Brexit trade arrangements will continue to apply. The transition period ends on 31 December 2020, where, if successfully negotiated, new trade arrangements covering goods and services will be put in place.</p> <p>The impacts of any changes that result are difficult to predict, though it is possible that they could negatively impact the economy, therefore leading to an increase in the number of households requiring the Council's support.</p> <p>If new trade arrangements aren't negotiated then the transition period will elapse without a trade deal being in place, resulting in a no-deal Brexit which will likely have adverse effects on the economy.</p> | Cllr Schofield |
| SR2 | <p>Financial sustainability</p> <p>The Council operates in a challenging and uncertain financial context. Whilst the outcome of the Government's ongoing Fair Funding Review and Business Rates Reset remain unknown, it is expected that once implemented they will result in further significant reductions in funding.</p> <p>The Council will therefore be increasingly reliant on income derived from investments, fees and charges and commercial activities – the ability to do so, however, may be restricted by changes in legislation, regulations and codes of practice.</p> <p>The failure to generate additional income will jeopardise the delivery of corporate objectives. Managing this risk is dependent on Officers and Members remaining ambitious in challenging circumstances.</p> | Cllr Schofield |
| SR3 | <p>Local government reorganisation</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. The funding pressures impacting the wider sector may precipitate such circumstances.</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> | Cllr Brunt |
| SR4 | Partner public sector funding decisions | Cllr Schofield |

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| | <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>In response the Council may be required to increase services or the support provided which could have funding and resource implications.</p> | |
| SR5 | <p>Organisational capacity and culture</p> <p>The Council has adopted an ambitious Corporate Plan, supported by a capital investment, housing and Great People strategy. Delivering on these plans will require a continually ambitious and integrated organisation and culture, with Members and Officers working in a collaborative way in the taking of timely decisions. The failure to be ambitious will risk the delivery of these objectives.</p> | Cllr Lewanski |
| SR6 | <p>Economic prosperity</p> <p>A prosperous economy is essential for the wellbeing of the borough, creating employment and wealth that benefits local people. Economic prosperity cannot be taken for granted and the current economic outlook is uncertain.</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> | Cllr Humphreys |
| SR7 | <p>Welfare reform</p> <p>The borough's residents are being affected by a combination of welfare reforms, increasing housing costs and economic changes. This increases the risk of household budgets being stretched and some 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 |
| SR8 | <p>Cyber security</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 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 |
| SR9 | <p>Fraud</p> <p>Due to the wide range of activities being undertaken by the Council, there is a risk of fraud being committed which therefore requires robust systems and processes to be in place.</p> | Cllr Schofield |
| SR10 | <p>Horley Business Park</p> <p>If the Council fails to take forward a vision with partners, this key development will be delayed. This will have an impact on the prosperity of the borough and the financial sustainability of the Council.</p> | Cllr Archer |

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| SR11 | <p>Gatwick Airport</p> <p>Gatwick Airport has announced its intention to expand, through intensification of its existing operations and by bringing its emergency runway into routine use as a second runway. It intends to submit a Development Consent Order for this second runway in 2020/21, with a decision anticipated by the Secretary of State in 2022/23.</p> <p>As a key employer, this intensification, as well as a decision (either way) on the second runway, could have a long-term impact on the local economy and infrastructure.</p> | Cllr Humphreys |