

ANNEX 1 – STRATEGIC RISKS 2020/21

Ref.	Risk description	Owner	Rating	Mitigating actions/update	Direction of travel
<p>SR1</p>	<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. Despite the COVID-19 pandemic, the government remains committed to leaving the transition period by 31 December.</p> <p>The government has the option to extend the transition period but will need to make this decision by June at the latest. If the option to extend is not exercised any later request will require a new treaty and ratification by all EU member states within a short timeframe.</p> <p>If the extension is refused, this leaves the government limited time to agree new trading arrangements. 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>	<p>Cllr Schofield</p>	<p>RED</p>	<p>As of the end of Q1 the UK government and EU have not negotiated a new trading arrangement. The UK government has also not exercised the option to extend the transition agreement. This has therefore increased the likelihood of a no deal Brexit as there is now a limited timeframe for the negotiation of new trading arrangements.</p> <p>The Council continues to monitor the advice and guidance issued by the Government and the Local Government Association and will take any steps that are required. The Council also continues to liaise with the Surrey Local Resilience Forum.</p>	<p>↑</p>
<p>SR2</p>	<p>Financial sustainability</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</p>	<p>Cllr Schofield</p>	<p>RED</p>	<p>The Council’s Medium-Term Financial Plan was reported to the Executive in July 2020. This sets out the forecast budget challenges over the coming five years. It will form the basis for service & financial planning for 2021/22 onwards.</p> <p>COVID-19 has resulted in material new financial risks, both in 2020/21 and potentially over the medium term. Additional unbudgeted expenditure has been incurred to deliver the authority’s response and budgeted sources of</p>	<p>—</p>

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	<p>and Business Rate Reset and Revaluation being delayed.</p> <p>There 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>			<p>income have been impacted by reduced demand during lockdown.</p> <p>Government funding received to date is likely to address a significant proportion of the one-off cost pressures but there remains uncertainty about funding support for lost income from fees & charges and local taxes in 2020/21 as well as about whether income levels will return to pre-COVID levels in the remainder of the year and beyond.</p> <p>The importance of: (i) adopting and implementing strategies that support sustainable income generation and (ii) taking forward income generating projects such as Horley Business Park, remains a high priority.</p>	
<p>SR3</p>	<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.</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>	<p>Cllr Brunt</p>	<p>AMBER</p>	<p>Our neighbouring and partner authorities continue to operate in the same strained financial circumstances as detailed in SR2 above.</p> <p>Surrey County Council recently announced its intention to develop a proposal to central government for a single unitary authority to cover the county.</p> <p>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 future of local government in Surrey.</p> <p>On 30 July Full Council agreed that the Leader of the Council should work with other authorities across the County to develop a</p>	<p>—</p>

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				proposal for the future structure of local government in the county.	
SR4	<p>Partner public sector funding decisions</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>We will continue to hold meetings to discuss priorities and funding between the Leader, Executive and key partners such as SCC, Police and Raven Housing Trust.</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.</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>The pandemic has resulted in a need for the organisation to work differently. The future of this is being proactively driven by the New Ways of Working Recovery group.</p> <p>Priority is currently being given to understanding and addressing staff welfare and wellbeing issues.</p>	↑

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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 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>	Cllr Humphreys and Cllr Schofield	RED	<p>Reigate and Banstead has the highest number of furloughed employees in Surrey (of businesses based in the borough). We will closely monitor the impact of the gradual ending of the government's furlough scheme and the impact on local residents and businesses.</p> <p>The Council has been active in helping to support local businesses throughout the COVID-19 pandemic. This includes the processing of business grants and applications for business rate relief. The Council has also distributed money to businesses via the local authority discretionary grant fund.</p>	↑
SR7	<p>Reliance on the welfare system</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 will likely result in significantly negative economic impacts on residents, the full scale of which is currently unknown. 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 is due to conclude in October.</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 may therefore increase universal credit claimants in the borough.</p> <p>Evictions were temporarily suspended following the COVID-19 pandemic. However, as the courts recommence evictions and work through a backlog of cases, the Housing service will</p>	↑

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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 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 annual 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.</p>	—
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. The latter is exacerbated by the new areas of activity which the Council has launched following the COVID-19 pandemic.</p>	Cllr Knight	AMBER	<p>The new areas of activity that the Council has delivered since the pandemic started (e.g. business rates relief, grants etc.) increase the risk of fraud. The Council nevertheless has robust control measures in place to protect public funds from fraudulent activity. The Council's processes regarding the payment of small business grants will be audited in Q2 of this financial year.</p>	↑
SR10	<p>Marketfield Way</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>	Cllr Humphreys	AMBER	<p>The project continues to be on track. Enabling work has continued despite the COVID-19 pandemic. Office based staff are working remotely and social distancing measures are in place on site. These measures are aligned to industry standards as well as all relevant government guidance.</p>	—

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	<p>The COVID-19 pandemic will likely negatively impact upon this development, including in its delivery as well as its financial viability.</p>				
<p>SR11</p>	<p>Gatwick Airport</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>	<p>Cllr Humphreys</p>	<p>AMBER</p>	<p>This risk is largely outside of the Council’s control and is dependent on any possible support provided by the government to the aviation sector and the commercial decisions made by private companies.</p> <p>Our neighbouring borough of Crawley (the local authority area in which Gatwick is located) has the highest number of furloughed workers in the country, a significant portion of whom work at Gatwick.</p> <p>As furlough figures are reported where the employer is located, it is likely that a high number of Reigate and Banstead residents are on furlough from Gatwick and its associated supply chain. This will continue to be closely monitored particularly as the government’s furlough scheme ends.</p>	<p>—</p>