To:
All members of the
Corporate Policy and Resources
Committee

Please reply to:
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Date: 30 August 2024

Supplementary Agenda

Corporate Policy and Resources Committee - Monday, 9 September 2024

Dear Councillor

I enclose the following items which are to be considered at the Corporate Policy and Resources Committee meeting to be held on Monday, 9 September 2024:

Yours sincerely

Karen Wyeth
Corporate Governance

To the members of the Corporate Policy and Resources Committee

Councillors:

Spelthorne Borough Council, Council Offices, Knowle Green

Staines-upon-Thames TW18 1XB

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J.R. Sexton (Chair)

C. Bateson (Vice-Chair)

M. Beecher

M. Bing Dong

J.R. Boughtflower

J. Button

S.M. Doran

R.V. Geach

M. Gibson

K.M. Grant

K. Howkins

M.J. Lee

S.C. Mooney

L. E. Nichols

O. Rybinski

H.R.D. Williams

Substitute Members: Councillors: M.M. Attewell, D.C. Clarke, S.A. Dunn, J.T.F. Doran, A. Gale and K.E. Rutherford

Corporate Policy and Resources Committee

Date of meeting 09 September 2024

Title	New Artificial Intelligence Policy
Purpose of the report	To make a decision
Report Author	Sacha Bailey, Projects Officer
Ward(s) Affected	All Wards
Exempt	No
Exemption Reason	Not applicable
Corporate Priority	Resilience Services
Recommendations	**The Committee is asked to:** approve the draft of the new Artificial Intelligence Policy
Reason for Recommendation	Committee is asked to approve the draft policy as there are currently no policies in place to govern and monitor artificial intelligence usage within the organisation.

1.   Summary of the report

What is the situation	Why we want to do something
• A handful of officers have been piloting the use of Co-Pilot in a limited way. • AI is already embedded in many software tools, such as MS Teams. • Spelthorne Borough Council does not have a policy in place to govern and monitor the use of Artificial Intelligence within the organisation. • There has been significant interest in AI, due to the launch	• Given the opportunities and risks that AI can pose, it has become necessary to develop a policy to help staff navigate how to use AI responsibly and ethically. • Implementation of an AI corporate policy demonstrates the organisation's commitment to digitally enabled and accessible services, by improving transparency with residents on how their data is being managed.

of AI tools like ChatGPT, Gemini and Co-pilot. These generative AI tools can instantly respond to questions and prompts.	
This is what we want to do about it	**These are the next steps**
• Adopt an Artificial Intelligence policy. • Introduce staff training and guidance on responsible uses of Generative AI to support their work. • Implement a risk assessment specific to the use of AI. • Introduce a staff declaration form stating that AI will be used responsibly and ethically.	• Gain approval from MAT to proceed with implementation of the Artificial Intelligence policy. • Develop and implement guidance for staff on how to use AI responsibly and ethically. • Update the ICT Personal Commitment Statement form to include the declaration of responsible use of AI.

1.1 This report seeks to obtain approval from Corporate Policy and resources Committee to adopt the draft of a new Artificial Intelligence Policy 2024-2026 (see Appendix A). If approved, the policy will be implemented in accordance with the timetable specified in section 11 of this report.

2.   Key issues

2.1 Recently, there has been significant interest in Artificial intelligence (AI), due to the launch of Generative AI (GenAI) tools like ChatGPT, Gemini and Co-pilot. These GenAI tools can instantly respond to questions and prompts. However, given the opportunities and risks that AI can pose, it has become necessary to develop a policy to help staff navigate how to use AI responsibly and ethically. GenAI is already embedded in other software tools for example, Co-pilot has been integrated across all Microsoft365 apps, including Teams, Outlook and Power Automate. A handful of officers have been piloting use of Co-Pilot in a limited way.

2.1 This policy seeks to:

(a) ensure staff training and regularly update guidance on responsible uses of GenAI to support their work. An information poster (see Appendix B) will be circulated amongst staff, and guidance on the use of GenAI will be added to SpelNet.

(b) be transparent with residents about the use of GenAI, particularly if used in public facing services.

(c) ensure the Council's digital and ICT services account for future uses of GenAI, ensuring the necessary infrastructure and safeguards are in place for responsible use.

(d)   Meetings were held with SBC's ICT Manager and Data Protection Officer, to discuss technical protections to our software systems, and also the risks posed to sensitive data and information. It was considered that having a comprehensive data protection impact assessment, alongside the Policy would reduce any risk to the Council.

(e)   It is important to note that while there are some ICT protections in place to block inappropriate content, data entered into a GenAI tool cannot be easily tracked or monitored. Confidential and personal data must not be entered into a GenAI tool, as information may enter the public domain.

(f)   Implementation of an AI policy demonstrates the Council's commitment to digitally enabled and accessible services. The use of GenAI helps to build the digital skills of staff, helping to upskill the workforce and links to the Council's Digital Vision Statement – "Empower the community and business with technology".

(g)   This policy commits to the core value of being "Open and accountable", as transparency with residents on how their data is being managed, is addressed within the policy.

(h)   Introducing a new AI policy will positively impact the Council's priority area of "Services". GenAI contributes to continuous improvement by providing helpful communication suggestions, explaining complex guidance, and assisting with automating routine tasks, thereby enhancing service delivery and supporting the Council's digital transformation and savings programmes.

(i)   Adopting a corporate policy for the use of GenAI links to the Council's priority of "Resilience", by establishing a framework that reduces the risk of regulatory breaches. Implementing an AI policy also strengthens the council's financial resilience by enabling staff to operate more efficiently and cost effectively.

3.   Options analysis and proposal

3.1   Option 1 - to approve the draft policy so that it can be implemented in accordance with the timetable set out in this report, as presented. **This option is recommended.**

3.2   Option 2 – accept the proposed policy with recommended changes or amendments.

3.3   Option 3 – "Do nothing". In the absence of a clear AI policy, the Council faces significant risks including legal, financial, and reputational consequences. Unintentional misuse of GenAI tools could lead to sensitive information being exposed to the public domain. **This option is not recommended.**

4.   Financial management comments

4.1   There are no financial implications resulting from matters considered in this report. Staff already have access to free versions of GenAI tools. As has been

highlighted above, careful use of AI tools may assist in the delivery of transformation savings.

5. Risk management comments

5.1 A meeting took place with SBC's Data Protection Officer and a comprehensive Data Protection Impact Assessment was conducted (see Appendix C). An additional risk assessment was also compiled, which is specific to the use of GenAI (see Appendix D).

5.2 Data entered into GenAI tools may enter the public domain. This can release non-public information and breach regulatory requirements; therefore, the proposed policy states that users must ensure personal data is not entered into any GenAI tool.

6. Procurement comments

6.1 This report refers to a draft policy for which there are no procurement considerations.

7. Legal comments

7.1 The Council must ensure compliance with the UK GDPR requirements and obligation. ICO's guidance on AI should be considered when utilising GenAI.

7.2 If the user is unsure of whether a particular use of GenAI constitutes copyright infringement or has data protection implications, they should contact Legal Services before using GenAI.

7.3 Any potential or alleged breaches of the policy should be reported to the council's Information Governance Team or senior management. Failure to report may result in disciplinary action, in accordance with the council's Human Resources policies and procedures.

8. Other considerations

8.1 Staff will be required to complete the ICT Personal Commitment Statement form, declaring that all GenAI usage will be conducted responsibly and ethically in accordance with the proposed AI policy.

8.2 When accessing the network during user logon, staff are also required to tick a box that confirms their agreement to use GenAI in accordance with the AI policy.

9. Equality and Diversity

9.1 GenAI may impact different groups of people in different ways, as it may have inherent social bias or have been trained in stereotypes. It may also have inappropriate cultural values or display sensitive content. For example, GenAI must not be allowed to solely determine which customers have access to Council services. Human involvement remains essential in decision-making, and the Council should establish an appeal process for any automated or AI-informed decisions.

10. Sustainability/Climate Change Implications

10.1 Generative AI has the potential to have a significant environmental impact through its role of increasing energy demand and consumption, and therefore reliance on an energy supply. GenAI models consume large amounts of

energy during the training and inference phases and require a substantial amount of energy to cool GenAI processors. As these models grow in size and complexity, and demand for AI services rise, the energy demands will continue to increase.

10.2   As a Local Authority, there is a duty to report on our Green House Gas (GHG) emissions. We currently report on Scope 1 emissions (emissions that a company makes directly e.g. burning of fossil fuels and fleet vehicles) and Scope 2 emissions (emissions used indirectly e.g. purchasing electricity). However, there is a drive to also report Scope 3 emissions (all the associated emissions that an organisation is indirectly responsible for e.g. buying products from suppliers which then produce emissions when customers use them), in which AI is included. Although there is uncertainty around the future environmental impact of AI, with possibilities of companies investing in clean energy sources to power data centres and therefore offsetting some of the projected increase in power demand, AI encompasses a carbon footprint which needs to be accounted for.

10.3   Microsoft, along with other major GenAI providers are already powering their data centres with 100% carbon-free energy or have roadmaps to do so by 2030.

11.   Timetable for implementation

11.1   The policy will become active once approved and will be reviewed annually.

12.   Contact

12.1   Daniel Dredge, Programme Manager d.dredge@spelthorne.gov.uk

Sacha Bailey, Projects Officer s.bailey@spelthorne.gov.uk

Background papers: There are none*.*

Appendices:

Appendix A - Artificial Intelligence Policy
Appendix B - AI Info Poster
Appendix C – Data Protection Impact Statement (DPIA)
Appendix D – AI Risks

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Artificial Intelligence Policy

Status: Not Published	Policy:	Artificial Intelligence		
Owner	Commissiong and Transformation	**Contact for Help**	Projects Team	
Intended Audience	This policy applies to all staff and Members			
Reference	**Version**	**Date**	**Date Approved**	**Next Review Due**
	1	July 2024		July 2026
Location				

1. Purpose

The purpose of this policy document is to provide a framework for the use of Generative Artificial Intelligence Large Language Models (GenAI) such as Co-Pilot, Gemini, GPT Series, Grok and other similar tools by Council employees, Councillor's, contractors, developers, vendors, temporary staff, consultants or other third parties, hereinafter referred to as 'users'.

This policy is designed to ensure that the use of GenAI is ethical, complies with all applicable laws, regulations, and council policies, and complements the Council's existing information and security policies.

The pace of development and application of GenAI is such that this policy will be in a constant state of development.

2. Use

This policy applies to all users with access to GenAI, whether through council-owned devices or personal devices used for council activities. These tools can be embedded in other software tools for example, Co-pilot has been integrated across all Microsoft365 apps.

Use of GenAI must be in a manner that promotes fairness and avoids bias to prevent discrimination and promote equal treatment and be in such a way as to contribute positively to the Council's goals and values.

Users may use GenAI for work-related purposes subject to adherence to this policy. This includes tasks such as generating text or content for reports, emails, presentations, images, and customer service communications. **Such tasks must not include personal data processing.**

If users want to explore the possibility of using AI for any other purpose, then they must contact the Projects Team.

What are the rules that MUST be followed?

1. Do not input personally identifiable information into GenAI tools.
2. Do not input any personal data about service users even if it is not personally identifiable (including descriptions of any safeguarding incidents).
3. Do not use for non-rule-based automated decision making.
4. Do not input any commercially sensitive local authority data (e.g. payment card data, data that effects the operational security of the organisation, etc).
5. Do not use a personal account for work related purposes.

Artificial Intelligence Policy
Last updated: 28/08/2024

6. Users must read the Terms and Conditions of the relevant AI tool before using it for council activities.
7. Where the GenAI tool has cited where it has obtained information from, then this should be referenced in user's document/work.
8. The user is responsible for evaluating the output generated by the AI. The user must check for accuracy, coherence, and appropriateness.
9. Be clear with other staff and service users (your Privacy Notice could need amending) when you have used GenAI as part of your work if:
   a. You directly quote or use a significant proportion of the GenAI output.
   b. You use the GenAI output to meaningfully inform a decision you make.
   c. You need to ensure trust with particular groups you are communicating with (residents, political or senior leaders etc.).
10. Follow any legal and regulatory requirements of the tool you are using, including any policies set by SBC.

How to use GenAI

Currently, GenAI is most commonly used to support individual tasks and act as a personal assistant. For example, GenAI can help you to:

- create images and videos from scratch by simply telling a tool what you want to see.
- come up with lots of new ideas in seconds - for example, coming up with icebreakers for meetings.

GenAI can help you be more productive by:

- creating first drafts of an email or document for you to finish writing, and then find ways to improve the quality of your writing once you have done so.
- quickly finding sources of information.
- simplifying complex topics into understandable information.
- summarising large text documents.

Particular attention should be given to Governance, Vendor practices, Copyright, Accuracy, Confidentiality, Disclosure, and Integration with other tools.

2.1 Governance

User's must declare their responsible and ethical usage of GenAI by completing the ICT Personal Commitment Statement form. Users must also agree to responsible and ethical use of GenAI when accessing the network during user logon. Users must take responsibility for their use of AI by ensuring they verify information, use it ethically, and remain aware of potential biases. It is crucial to protect privacy and maintain human oversight to prevent misuse and unintended consequences. The Project Team has a risk evaluation document that addresses the risks associated with using GenAI.

2.2 Third Parties

Any use of GenAI technology in pursuit of Council activities should be done with full acknowledgement of the policies, practices, terms and conditions of developers or vendors of the relevant AI software tool.

2.3 Copyright

Users must adhere to copyright laws when utilising GenAI. It is prohibited to use GenAI to generate content that infringes upon the intellectual property rights of others, including but not limited to copyrighted material. If a user is unsure whether a particular use of GenAI constitutes copyright infringement, they should contact Legal before using GenAI.

2.4 Accuracy

GenAI may inadvertently produce content that appears authentic but lacks factual basis, known as "hallucinations". All information generated by GenAI must be reviewed and edited for accuracy prior to use. Users of GenAI are responsible for reviewing output and are accountable for ensuring the accuracy of GenAI generated output before use/release. If a user has any doubt about the accuracy of information generated by GenAI, they should not use GenAI.

2.5 Confidentiality

Confidential and personal information must not be entered into a GenAI tool, as information may enter the public domain. Users must follow all applicable data privacy laws and organisational policies when using GenAI. If a user has any doubt about the confidentiality of information, they should not use GenAI.

2.6 Climate Change Impact

Generative AI has the potential to have a significant environmental impact, through its role of increasing energy demand and consumption, and therefore reliance on an energy supply. GenAI models consume large amounts of energy during the training and inference phases and require a substantial amount of energy to cool GenAI processors. As these models grow in size and complexity, and demand for AI services rise, the energy demands will continue to increase.

As a Local Authority, there is a duty to report on our Green House Gas (GHG) emissions. We currently report on Scope 1 emissions (emissions that a company makes directly e.g. burning of fossil fuels and fleet vehicles) and Scope 2 emissions (emissions used indirectly e.g. purchasing electricity). However, there is a drive to also report Scope 3 emissions (all the associated emissions that an organisation is indirectly responsible for e.g. buying products from suppliers which then produce emissions when customers use them), in which AI is included. Although there is uncertainty around the future environmental impact of AI, with possibilities of companies investing in clean energy sources to power data centres and therefore offsetting some of the projected increase in power demand, AI encompasses a carbon footprint which needs to be accounted for.

2.7 Social Impact and Equality

Users must be aware of how the use of GenAI may impact different groups of people in different ways, as it may have inherent social bias or have been trained in stereotypes. It may have inappropriate cultural values or display sensitive content. For example, GenAI must not be allowed to solely determine which customers have access to services. Human involvement remains essential in decision-making, and the Council should establish an appeal process for any automated or AI-informed decisions.

2.8 Ethical Use

GenAI must be used ethically and in compliance with all applicable legislation, regulations, and organisational policies. Users must not use GenAI to generate content that is discriminatory, offensive, or inappropriate. If there are any doubts about the appropriateness of using GenAI in a particular situation, users should consult with their supervisor or Information Governance Team.

2.9 Disclosure

Content produced via GenAI must be identified and disclosed as containing GenAI-generated information.

Footnote example: ***Note:*** *This document contains content generated by Artificial Intelligence (AI). AI generated content has been reviewed by the author for accuracy and edited/revised where necessary. The author takes responsibility for this content.*

2.10 Integration with other tools

An Application Programming Interface (API) allows communication between different software systems. Plugins are additional components that enhance or add features to existing software. Both software features enable access to GenAI and extended functionality for other services, such as email, Teams, or search engines, to improve automation and productivity outputs. Users should consider the following guidance to reduce the frequency of unsafe content produced by GenAI tools:

- Adversarial testing – test your product over a wide range of inputs and outputs to see if responses start to go "off topic".
- Human in the loop (HITL) – wherever possible, a human should review outputs before they are used in practice. Humans should be aware of limitations of the system.
- "Know your customer" (KYC) – users should generally need to log in to access a service.
- Allow users to report issues – users should have an easily accessible way to report improper functionality or other concerns about software behaviour. The reporting should be monitored by a human and responded to as appropriate.
- Understand and communicate limitations – consider whether the GenAI tool being used is fit for your purpose as GenAI may not be suitable for every use.
- End-user IDs – including user ID can help monitor and detect abuse of software.

API and plugin tools must be rigorously tested for:

- Moderation – to ensure the model properly handles hate, discriminatory, threatening, etc. inputs appropriately.

- Factual responses – provide a ground of truth for the API and review responses accordingly.

3. Risks

Use of GenAI carry inherent risks. A comprehensive risk assessment must be conducted for any project or process where use of GenAI is proposed. The risk assessment should consider potential impacts including legal compliance; bias and discrimination; security (including technical protections and security certifications); and data sovereignty and protection.

3.1 Legal compliance

Data entered into GenAI tools may enter the public domain. This can release non-public information and breach regulatory requirements, service user or vendor contracts, or compromise intellectual property. Any release of private/personal information could result in a breach of relevant data protection laws. Use of GenAI to compile content may also infringe on regulations for the protection of intellectual property rights. Users should ensure that their use of any GenAI complies with all applicable laws and regulations and with council policies. Any potential or alleged breaches of this policy should be reported to the council's Information Governance Team or senior management. Failure to report any potential or alleged breaches may result in disciplinary action, in accordance with council's Human Resources policies and procedures.

3.2 Bias and discrimination

GenAI may make use of and generate biased, discriminatory, or offensive content. This can occur as a result of information entered by users or be an inherent fault of the tool because it has been trained on stereotypes. Users must use GenAI responsibly and ethically, in compliance with council policies and applicable laws and regulations.

3.3 Security

GenAI may store sensitive data and information, which could be at risk of being breached or hacked. The council must assess technical protections and security certification of GenAI before use. If a user has any doubt about the security of information input into GenAI, they should not use GenAI.

3.4 Data sovereignty and protection

While a GenAI platform may be hosted internationally, under data sovereignty rules information created or collected in the originating country will remain under jurisdiction of that country's laws. The reverse also applies. If information is sourced from GenAI hosted overseas, the laws of the source country regarding its use and access may apply. GenAI service providers should be assessed for data sovereignty practice by any organisation wishing to use their GenAI.

4. Compliance

Any violations of this policy should be reported to the council's Information Governance Team or senior management. Failure to comply with this policy may result in disciplinary action, in accordance with council's Human Resources policies and procedures.

5. Review

This policy will be reviewed periodically and updated as necessary to ensure continued compliance with all applicable legislation, regulations, and organisational policies.

6. Acknowledgment

By using GenAI, users acknowledge that they have read and understood these guidelines, including the risks associated with the use of GenAI.

Using Generative Artificial Intelligence Large Language Models

Do's and don'ts

Why does it matter?

Generative Artificial Intelligence (AI) is evolving fast and being rapidly promoted by large technology-based organisations, all competing to be first to market, yet without legal or regulatory oversight.

This technology is now appearing within tools, systems and processes used by organisations as part of upgrades or updates, but is being implemented without consideration of uncertainties and risks, and its wider implications are not well understood.

AI and Generative AI explained

Artificial Intelligence

AI is the ability of machines or software to perform tasks that would normally require human intelligence. It can process data, learn from it and make decisions or predictions based on that data.

AI encompasses many different types of systems and approaches to harnessing machine intelligence, including rule-based AI, machine learning, neural networks, natural language processing and robotics.

Generative AI and Large Language Models (LLMs)

Generative AI learns from data about existing artifacts in order to generate new variations of content (including images, video, music, speech and text).

LLMs are a type of Generative AI that use 'deep learning' techniques and massively large data sets to understand, summarise, generate and predict text-based content.

Purpose

These 'do's and don'ts' provide guidelines for the use of Generative AI LLMs (such as ChatGPT, Bard, Bing or similar tools) by councils, charities and any other organisations providing local public services. They apply to all stakeholders, including but not limited to: employees, contractors, developers, vendors, temporary staff, consultants, councillors and trustees.
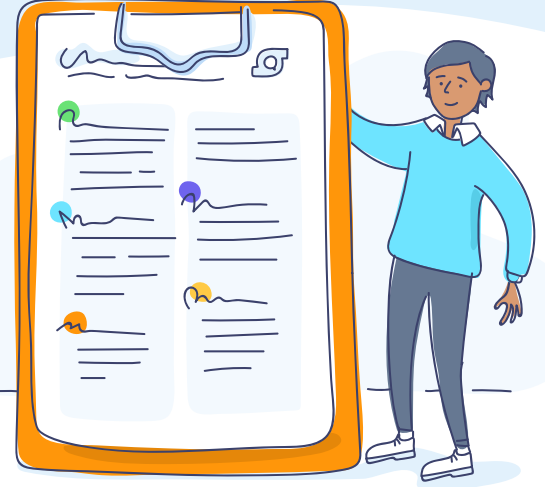
Do...

- ✓ **Do** maintain human oversight and responsibility for making final decisions on output produced
- ✓ **Do** notify your manager and disclose that Generative AI LLMs have been used to generate output
- ✓ **Do** use responsibly and ethically
- ✓ **Do** use in accordance with relevant organisation policy
- ✓ **Do** comply with relevant laws and regulations
- ✓ **Do** specify the definitions and scope of your prompts with care
- ✓ **Do** use to create draft briefings, reports, presentations, customer responses, etc.
- ✓ **Do** use to improve and refine existing content
- ✓ **Do** use to analyse publicly-available data
- ✓ **Do** fact check material generated by Generative AI LLMs
- ✓ **Do** be aware of the potential for disinformation and scams being generated
- ✓ **Do** take care to avoid use of output that may breach copyright or intellectual property rights
- ✓ **Do** be aware of risks including accuracy, bias, discrimination, confidentiality and security

Don't...

- ✗ **Don't** use to record and process confidential data and information
- ✗ **Don't** use to store or release non-public records
- ✗ **Don't** use for private individual records
- ✗ **Don't** let go of moral and ethical responsibility for output
- ✗ **Don't** use if you are in doubt about the security of data or information being input
- ✗ **Don't** assume that all of the output generated is factually correct
- ✗ **Don't** use if data sovereignty practices of the Generative AI LLM supplier contravene any applicable legal and/or regulatory requirements

Produced in partnership with ALGIM (Association of Local Government Information Management) **and LOLA** (Linked Organisation of Local Authority ICT Societies)

ALGIM

LOLA Linked Organisation of Local Authority ICT Societies

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Artificial Intelligence Corporate Policy DPIA

The DPO can assist with items in purple in this document.

Submitting controller details

Name of controller	Spelthorne Borough Council
Subject	Artificial Intelligence Corporate Policy
Name of controller contact (staff member completing)	Sacha Bailey

Artificial Intelligence DPIA
Last updated: 03 July
2024

1

Step 1: Identify the need for a DPIA

Explain broadly what project aims to achieve and what type of processing it involves. You may find it helpful to refer or link to other documents, such as a project proposal. Summarise why you identified the need for a DPIA.

Spelthorne Borough Council are seeking to develop and implement a corporate policy for artificial Intelligence (AI). This policy review is part of a broader Council project that is evaluating how SBC polices are currently managed within our software systems.

An effective corporate AI policy will seek to address several critical aspects to ensure responsible and ethical use of AI technology across the organisation. The policy will outline the following:

1. What is Artificial intelligence (AI)?
2. What are the risks of AI?
3. Decision Making
4. Language Models
5. What Does this mean for staff?

A Data Protection Impact Assessment is required because there are data privacy and security implications involved when deploying AI. Given AI's reliance on data, the policy will need to consider information governance, data protection, transparency, equalities, digital exclusion, and types of AI technology being used e.g. chatbots, copilot, generative AI. A DPIA is required to ensure responsible AI deployment and compliance with data protection regulations.

Step 2: Describe the processing

Describe the nature of the processing: how will you collect, use, store and delete data? What is the source of the data? Will you be sharing data with anyone? You might find it useful to refer to a flow diagram or other way of describing data flows. What types of processing identified as likely high risk are involved?

Data Collection: Data will be collected from various sources including websites (e.g. chatbots, Co-Pilot), individual apps for computers, plug-ins for websites, new features on computer software, external databases, and API's.

Data Use: Data extracted from AI tools will be used to support individual tasks such as creating images and documents, generating text or content for reports, emails, presentations, and customer service communications. Data entered can also be used to quickly find sources of information and break down complex topics into easily understood information.

Data Storage: Data about your interactions with GenAI is stored within the Microsoft 365 service boundary, and this includes prompts and responses from the AI tool.

Data Deletion: Interactions with AI tools and applications can be deleted from the user's interaction history. Data will be deleted when no longer necessary for the specified purposes. Deletion procedures will follow data retention policies.

Data Sources: Data can come from various sources such as website content, third-party data providers (e.ge. API's) and user-generated content.

Data Sharing: Generated data may be shared with internal teams, third party suppliers, regulatory authorities.

High Risk

Profiling: Creating profiles based on individuals' data raises privacy concerns. Consideration must be given to the safeguarding of individuals privacy.

Data collection and fairness: Aggregating and anaylsing personal and sensitive data on a large scale can infringe on privacy. AI systems that learn from biased data may perpetuate or amplify existing biases, leading to unfair treatment. Local Authorities have a duty to adhere to the Public Sector Equality Duty. Confidential and personal data must not be entered into a GenAI tool, as information may enter the public domain.

Inferences about individuals or groups: AI can infer sensitive information from seemingly innocuous data and a consideration will need to be given to privacy rights. For these reasons, AI tools should not be used for decision making and a meaningful review by an officer should be undertaken before making a decision.

Transparency and Accountability: Transparency and accountability are compromised if the user does not clearly state that the output of GenAI has been significantly used in their work. The author must take responsibility for AI generated content, and any content must be reviewed by the author for accuracy and revised/edited where necessary.

Security: Inappropriate access, unauthorised or unlawful processing and undetected security vulnerabilities can be an issue with AI. Security risks should be assessed and documented to ensure the AI tools being used are as safe as possible.

These activities are considered high risk due to the nature of the data involved and their potential impact on privacy and individual rights.

Describe the scope of the processing: what is the nature of the data, and does it include special category or criminal offence data? How much data will you be collecting and using? How often? How long will you keep it? How many individuals are affected? What geographical area does it cover?

Data Nature: The nature of the data includes text, images, video, audio, and software code. Currently, users will not be allowed to enter personal data into AI tools and applications.

Special category or criminal offence data: The Council staff will not use AI tools to enter personal data and so the scope of the processing will not include special category data or criminal offence data.

Level of data collected and frequency: AI tools and applications are used daily by Council staff. The level of data collected will consist of AI generated content for documents, emails, and presentations. AI generated output will also act a source to explain complex information.

Retention of Data: Interactions with a GenAI tool will be deleted from the interaction's history. Data will be deleted when no longer necessary for the specified purposes. Deletion procedures will follow data retention policies.

Number of individuals affected: All Council staff will be impacted by the use of AI. There should be minimal impact on residents as personal data will not be allowed to be entered into AI tools. The use of GenAI tools will affect how emails, documents and images are constructed.

Individuals affected and geographical area: Council staff who use GenAI will be affected. Residents will not be individually affected as users will not be allowed to enter personal data into AI tools.

Describe the context of the processing: what is the nature of your relationship with the individuals? How much control will they have? Would they expect you to use their data in this way? Do they include children or other vulnerable groups? Are there prior concerns over this type of processing or security flaws? Is it novel in any way? What is the current state of technology in this area? Are there any current issues of public concern that you should factor in? Are you signed up to any approved code of conduct or certification scheme (once any have been approved)?

Relationship Nature: although no personal data will be entered into AI tools, the Council have a responsibility to adhere to the public sector equality duty. Users of AI tools will have control over what information is entered into a GenAI tool.

Data Control: Individuals will have little control over the council's use of GenAI, however the staff must use GenAI responsibly and ethically.

User expectations: Most individuals understand that as Artificial Intelligence becomes more widely used, the Council will use AI to improve operations, decisions, and services. Council's need to be transparent with residents about their use of GenAI, particularly if used in public facing.

Children's Data and Vulnerable groups: Users will not enter children's data or the information of vulnerable groups into AI tools.

Prior Concerns and Technology: There has been some concern around AI especially regarding the use of personal data, privacy issues, bias and profiling and software security. The recent launch of generative AI tools, such as Chat GPT, Co-pilot and Google Bard, are free and user friendly; and can almost instantly respond to questions and prompts by generating original text, images, data, code and sounds, hence the term "generative AI".

Describe the purposes of the processing: what do you want to achieve? What is the intended effect on individuals? What are the benefits of the processing – for you, and more broadly?

Primary Objective: The primary objective is to use GenAI for work-related purposes for tasks such as generating text or content for reports, emails, presentations, images and customer service communications.

Intended effects on individuals: The use of GenAI will assist users with creating comprehensive and well produced documents, images and reports, that are easy to understand. GenAI also acts as a source of information, which is a useful tool to help expand staff knowledge and skillsets.

Benefits: Improve service delivery, as reports and documents composed within a timely manner. Increased productivity in general tasks e.g. writing emails, summarising content, and producing reports. An additional benefit is that GenAI can be used to explain complex tasks.

Step 3: Consultation process

Consider how to consult with relevant stakeholders: describe when and how you will seek individuals' views – or justify why it's not appropriate to do so. Who else do you need to involve within your organisation? Do you need to ask your processors to assist? Do you plan to consult information security experts, or any other experts?

Consultations will take place with Subject Matter Experts (SME's) such as the Data Protection Officer, ICT Manager and Legal.

Step 4: Assess necessity and proportionality

Describe compliance and proportionality measures, in particular: what is your lawful basis for processing? Does the processing actually achieve your purpose? Is there another way to achieve the same outcome? How will you prevent function creep? How will you ensure data quality and data minimisation? What information will you give individuals? How will you help to support their rights? What measures do you take to ensure processors comply? How do you safeguard any international transfers?

Since at this stage of the project no personal data is to be used in connection with AI there is no need to determine a lawful basis for processing.

The Lawful bases for processing are:
Legal obligation: the processing is necessary to comply with the law.
Public task: the processing is necessary to perform a task in the public interest or for official functions.
Contract: the processing is necessary for a contract you have with the individual, or because they have asked you to take specific steps before entering into a contract.
Consent: the individual has given clear consent for you to process their personal data for a specific purpose.
Legitimate interests: the processing is necessary for your legitimate interests or the legitimate interests of a third party.
Vital interests: the processing is necessary to protect someone's life.

The following categories of personal data are defined as being special category and require identification of an additional lawful basis:
racial or ethnic origin,   political opinions,
religious or philosophical beliefs,   trade union membership,
genetic data,   biometric data,
sex life or sexual orientation data,   health data.

Step 5: Identify and assess risks

Describe source of risk and nature of potential impact on individuals. Include associated compliance and corporate risks as necessary.	Likelihood of harm	Severity of harm	Overall risk
See DP risks to consider template_AI Policy.xlsx (sharepoint.com)	Remote, possible or probable	Minimal, significant or severe	Low, medium or high

Step 6: Identify measures to reduce risk

Identify additional measures you could take to reduce or eliminate risks identified as medium or high risk in step 5				
Risk	**Options to reduce or eliminate risk**	**Effect on risk**	**Residual risk**	**Measure approved**
		Eliminated reduced accepted	Low medium high	Yes/no

Step 7: Sign off and record outcomes

Item	**Name/position/date**	**Notes**
Measures approved by:	Sacha Bailey	Integrate actions back into project plan, with date and responsibility for completion
Residual risks approved by:	Sacha Bailey	If accepting any residual high risk, consult the ICO before going ahead

Artificial Intelligence DPIA
Last updated: 03 July
2024

DPO advice provided:	By comments in document and discussion	DPO should advise on compliance, step 6 measures and whether processing can proceed
Summary of DPO advice: DPO advice was not to use AI for personal data as a baseline. This can be reviewed on a case-by-case basis however considerable data protection (and other) work will be needed before any personal data is entered into any AI software tools.		
DPO advice accepted or overruled by:	Accepted by Sacha.	If overruled, you must explain your reasons
Comments: To be reviewed regularly.		
Consultation responses reviewed by:	N/A	If your decision departs from individuals' views, you must explain your reasons
Comments:		
This DPIA will kept under review by:	Project Team, DPO.	The DPO should also review ongoing compliance with DPIA

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	A	B	C	D	E
1	**Risk**	**Risk to individual or SBC**	**Mitigation**	**Consideration/Evaluation**	
2	System data is accessed by unauthorised persons and used or shared inappropriately	Contravention of services users' rights in relation to privacy, or loss, damage, misuse or abuse of their personal information	Access to the system will be limited to only those with the need to know. The use of the system will be managed locally through relevant training and guidance. Will need organisational measures to ensure only relevant staff access the data.	The benefits of storing the information greatly outweigh the privacy risk with the appropriate mitigations in place.	
3	Third parties use or share data inappropriately either due to inappropriate actions or insufficient technical and organisational measures.	Contravention of clients' rights in relation to privacy, or loss, damage, misuse or abuse of their personal information	Need a GDPR compliant legal agreement with all 3rd parties; details to be determined. SBC will satisfy itself that organisations comply with DPA 2018/ GDPR - due diligence		
4	**Non compliance with principles of GDPR -**			**Completion of IAR will assist**	
5	Lawfulness	SBC risks fines, compensation and reputational damage.	Determine lawful basis - may need to determine lawful basis for Special Category data.		Legal obligation Public task Contract Consent Legitimate Interest Vital interests
6	Fairness and transparency.	An individual's privacy is compromised if they are not fully informed.	PNs, consideration of fairness. Consideration to be given to sharing with other organisations.	Write PN to cover	
7	Purpose limitation.	An individual's privacy is compromised if data is shared beyond than just for the stated purpose.	Identify any required further sharing over and above for stated purpose - eg Will share some limited informaton with all partners for the purposes of monitoring outcomes/ value for money / programme evaluation. Safeguarding.		
8	Data minimisation.	An individual's privacy is compromised if more data is collected beyond than required for the stated purpose	Only collect required personal data. May need to ensure that other organisations only collect required data.		
9	Data is inaccurate at the point of collection/data entry or subsequently becomes inaccurate by being out of date	An individual's privacy is potentially compromised if information being sent to the wrong address or it could leave the individual vulnerable if their details are not up to date.	Determine how often the data needs to be refreshed. If relying on accuracy from third parties - need to ensure they take accurate info. Staff will query any data that appears inaccurate.		
10	Storage limitation.	If a retention period is not established/ complied with then information might be used for longer than necessary.	Review of retention period and compliance with retention period. Can the systems comply? - manual or technological?	Retention periods to be set. Preferable to comply via digital means rather than manual means.	
11	Integrity and confidentiality (security)	An individual's privacy is compromised if systems and processes are not adequately protected.	Configuration of SBC's systems to promote and support data integrity. If data is needed on the move then need to consider how to protect that data.		
12	Accountability	SBC risks fines, compensation and reputational damage if SBC does not ensure accountability from staff and third parties.	Contracts/MoUs/SLAs,DSAs to be completed and signed off by legal.		
13	Purpose limitation	Function creep over how personal data is processed is caused by not defining what purpose you will use your AI system. As a consequence, individuals lose control over how their data is being used.	Document each purpose for using personal data at each stage of the AI lifecycle, assess whether they are compatible with the originally defined purpose, and schedule reviews to reassess your purposes and whether they remain compatible.	Provide clear transparency information to inform individuals about your purposes from the outset. For example, in a privacy notice.	
14	Security	The unauthorised or unlawful processing, accidental loss, destruction, or damage of personal data is caused by insecure AI systems. As a consequence, individuals can suffer from financial loss, identity fraud and a loss of trust.	Document and assess the security risks, and the appropriate technical and organisational measures you will use to mitigate or manage those risks.	You must consider the security risks associated with integrating an AI system with existing systems, and document what controls will be put in place as part of the design and build phase. The level of risk will likely vary depending on the context your AI system will be used in.	
15	Meaningful human review	Tokenistic human review of outputs by AI systems may inadvertently cause solely automated decision-making with legal or similarly significant effects. As a consequence, individuals suffer from prohibited processing taking place and inaccurate and/or unfair decisions being made about them, which have legal or similarly significant effects.	Document and assess when you will incorporate meaningful human review in the decision pipeline, who will conduct the review, and what additional information they will take into consideration when making the final decision.	AI should not be used to make automated decisions. All outputs of GenAI should undergo human review and any content generated should be amended or changed where appropriate.	

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Corporate Policy and Resources Committee

9 September 2024

Title	Corporate Risk Register (Corporate Risk Management)
Purpose of the report	To note
Report Author	Lee O'Neil, Deputy Chief Executive
Ward(s) Affected	All Wards
Exempt	No
Exemption Reason	N/A
Corporate Priority	Community Addressing Housing Need Resilience Environment Services
Recommendations	**Committee is asked to:** Consider the significant strategic risks and issues highlighted in this report, ensuring continued wider reporting of the Corporate Risk Register and actions across other Committees.
Reason for Recommendation	The Corporate Risk Register continues to ensure that the Council's most significant risks in relation to achievement of corporate priorities and objectives are identified, managed, monitored, and reported. Continued visibility and ownership of the risks and issues raised in this report is recommended across the Council due to the significant and wide-reaching implications. This will support improved coordination in implementing risk management strategies.

1.   Summary of the report

What is the situation	Why we want to do something
The Corporate Risk Register continues to ensure that the Council's most significant strategic level risks in relation to achievement of corporate priorities and objectives are regularly identified, managed, monitored, and reported. The current reporting	Exposure to wider externalities and other unprecedented pressures are continuing to present competing levels of crises. The worsening financial and housing crisis across local government continues to have adverse and wide-reaching effects. Consequently, the Council continues to encounter some

frequency coincides with the Audit Committee cycle and work programme	challenge in the context of delivering corporate priorities. The approaches being taken to proactively manage identified risks and mitigate their impact are referred to in this report and related appendices.
This is what we want to do about it	**These are the next steps**
Continued relevance of the risks on the register is important, particularly during current times of accelerating levels of crises, often referred to as the poly-crises, and the rapid pace of change. The Corporate Risk Register and related process provides a mechanism for regular review of the register, ensuring it remains current.	The corporate management team and lead Committee hold collective ownership and accountability for ensuring these strategic corporate risks are effectively managed. In doing so they are supported by designated lead officers (at Group Head level) who are responsible for overseeing the day-to-day management of these risks and ensuring future risk management strategies are progressed/implemented.

1.1   This report highlights significant strategic risks in delivering the Council's priorities (CARES) and objectives, current strategies to manage risks (defined as current controls and current mitigations) as well as any future strategies to manage associated risks.

1.2   Exposure to wider externalities and other pressures are continuing to present competing levels of crises. The worsening financial and housing crisis across the local government sector continues to have adverse effects, impacting communities. Consequently, the Council continues to encounter some challenges in the context of delivering corporate priorities. The approaches being taken to proactively manage identified risks and mitigate their impact are referred to in related appendices to this report.

2.   Key issues

2.1   The corporate management team and lead Committee hold collective ownership and accountability for ensuring these strategic corporate risks are effectively managed. In doing so, they are supported by designated lead officers (at Group Head level) who are responsible for overseeing the day-to-day management of these risks and ensuring future risk management strategies are progressed/implemented.

2.2   The format of the Corporate Risk Register was refreshed and presented for the first time at the last meeting of this Committee following implementation of a new in-house system and central record. The look and feel of the refreshed register have been designed to promote more focused reporting of risk management, incorporating a Corporate Risk Dashboard for system users. There will be further development of the new look register prior to the next Committee to address a number of technical issues for users who have to input data, and more work will be undertaken to remove surplus content and consolidate a number of the subject risk areas where appropriate, which will be discussed with the Chair and Vice-Chair of this Committee.

2.3 The revised Corporate Risk Register content is appended to this report and includes the following:

(a) **Appendix A** - Identified risks along with current and future risk management strategies set out in one document, highlighting next steps in managing the risks.

(b) Within **Appendix A** there is summary information (visually presented) in terms of the direction of travel for each subject risk area regarding any movement of either the RAG rating, risk score or indicative future risk score.

(c) **Appendix B** sets out the positioning and ranking of current assessed risks relating to each subject risk area, applying the corporate risk scoring matrix. (Risk owners and Lead Officers have had an opportunity to review the proposed positioning of the risks on the matrix).

2.4 Since the last meeting of this Committee the register has been updated to reflect any changes in the risks outlined at the time the report was written. The key headlines and updates to report across the broad risk categories on the register emerging from the current review are set out below:

Changes in risk scores

2.5 Five risk scores have been adjusted, one upwards and four downwards:

(a) **6 – Climate Change – Climate Change threat and impact –** Now Red RAG) *(Previously Amber)* The score has increased from 9 to 12 due to the increasing evidence that climate change is happening, which is likely to have significant impacts on our Borough. As a Council, we are continuing to work towards our own net-zero targets and reviewing and updating our climate change strategy, ensuring this is fully aligned with our Corporate Plan 2024-28. However, whatever positive action we take locally, we cannot escape the growing threat that climate change presents, such as flooding.

(b) **6 – Climate Change – Responding and adapting to Climate Change –** Now Amber RAG *(Previously Red)* The risk score has been reduced from 12 to 8 in view of work which has been progressed building on the Greener Futures climate adaptation strategy and incorporating actions into our climate change strategy.

(c) **6 – Climate Change – Integration into decision making –** Now Amber RAG *(Previously Red)* The risk score has been reduced from 12 to 6 in view of the Council achieving the bronze level on the carbon literacy hierarchy. This score has scope to reduce further when the Council achieves the silver level.

(d) **2 – Economy – Cost of doing business crisis –** Still Amber RAG the risk score has been reduced from 9 to 6 to reflect the Council securing funding for climate change audits and consultancy support for businesses, plus progress with the specified mitigating actions (including the Council completing our work on the Town Centres Strategy for 2023).

(e) **4 – Financial Pressures – Cost of Living Crisis and increased demand on Council services** - Now Amber RAG *(Previously Red)* The risk score has been reduced from 12 to 9 to reflect the Council's use of Local Authority Housing Fund (LAHF) funding to purchase Temporary Accommodation, which will be transferred to the Council's Housing Company (Knowle Green Estates Ltd.). This will save the Council around £3m per annum compared to the alternative of placing in private

B&B, significantly mitigating the housing pressures on the Council's Revenue Budget.

Other key updates

2.6   Other risk scores within the register remain the same as previously reported, with continuing key underlying themes around financial risk due to:
- Ongoing funding challenges for local authorities,
- Increased demands on services, particularly in the area of housing,
- Risks associated with managing the accumulated capital costs of £10-15m arising from the suspension of direct delivery of the Council's Housing Development programme and the significant annual holding costs for Council-owned development sites, and
- Continuing high cost of debt, despite recent reductions in inflation.

(a)   Under **1a Housing - Development and Targets** ('**Alternative development delivery options**' and '**Timelines for delivery**') Both remain RED RAG Following discussions between Members and officers a new Member-driven delivery strategy is in development together with a prioritisation list for development sites.

(b)   The Risk description and control/mitigating actions for **1a Housing – Local Plan** Still RED RAG have been refreshed to reflect the updated Strategic Flood Risk Assessment and recent interactions with the Environment Agency (EA) over their concerns around flooding issues and the soundness of the Local Plan unless further changes were made. Although the EA believe these issues can be overcome and addressed and there is an on-going dialogue between Spelthorne and the EA, there is a risk that if the matter is unresolved, the number and deliverability of some site allocations may be at risk. This could potentially impact on the ability to deliver the required 5- and 10-year housing land supply (when combined with removing the green belt sites that the Council no longer wishes to pursue - agreed by E&S committee on 29 February 2024). A decision is still awaited from the Planning Inspector on whether the Council can go back to Examination or not (once he has received the EA's comments on the revised SFRA modelling).
NB. *A report is being considered by CPRC on 8 July 2024 on whether to recommend further Main Modifications to the Local Plan be agreed by Council on 18 July 2024 to address the EA's final comments which were received on 20 June and 1 July. Members will be updated verbally on that Committee decision.*

(c)   Risk Category **1b – Housing provision and addressing need** – Still RED RAG An update has been provided under mitigating actions to outline work undertaken to explore strategies for helping to address the provision of affordable housing.

(d)   DLUHC's announcement (on 8 May 2024) of a Best Value Inspection (BVI) of Spelthorne has been referenced under Risk category **3 - Financial Resilience and Commercial Assets – Commercial Investment Portfolio** Still Amber RAG The Council is actively and openly engaging with the BVI process, which will review risk mitigation arrangements around this authority's level of borrowing and reliance on investment assets income. Although their inspection was due to be completed by August 2024 there is a risk that this may now take longer, due to the recent

announcement of the General Election delaying the appointment two of the BVI team's Assistant Inspectors.

(e)   The BVI has also been referenced in **4 – Financial Resilience and Supporting Communities – Financial Pressures – Increased Costs & Restricted Borrowing Levels** <mark>Both remain Amber RAG</mark>. The additional budgetary challenges ahead particularly from 2026/27 continue to be highlighted in the register. A medium-term financial strategy is in place to assist in managing and alleviating risks relating to financial pressures and Zero-Based Budgeting (ZBB) will be implemented as part of the 2025/26 budget process. Progress in achieving targets in delivering the cashable efficiency savings programme will be reported on a quarterly basis. The Council's financial reserves strategy and forecast is subject to periodical review, benchmarking analysis and reporting.

3.   Options analysis and proposal

3.1   The revised register and related appendices are an accurate reflection of the high-level significant risks affecting this authority, based on consultation with managers and assessment of risk and controls in operation.

3.2   **Option 1** - To consider the contents of the Corporate Risk Register including any new or expanded risk categories, any risk categories that can be consolidated or removed, residual risks highlighted, current risk management strategies (current control actions, current mitigating actions) and future risk management strategies. (preferred option); or

3.3   **Option 2** - To recommend amendments to the Corporate Risk Register for consideration by the Corporate Risk Management Group.

4.   Financial management comments

4.1   As previously reported, there are major financial implications arising from several corporate risk categories on the register. This is explained further at para 2.6, above.

5.   Risk management comments

5.1   The Council's corporate and strategic risks impacting the effective achievement of corporate priorities, represent the most significant risks facing the authority. The register contains nine broad strategic risk categories, comprising specific risk subject areas that align to the broader category. Risk descriptions and consequences are identified and articulated, as well as the current controls and current mitigation measures in place to manage these risks. Current controls are those actions intended to reduce the likelihood of occurrence of the risk event, whilst current mitigations are those actions intended to reduce the impact of a risk event should it occur. Taken together, current controls and current mitigating actions represent current risk management strategies. Future risk management strategies are also included in the register documentation.

6.   Procurement comments

6.1   Any procurement considerations relating to the risk categories on the register should be identified by the respective Risk Owners and lead officers and are likely to form part of separate reporting/communications.

7.   Legal comments

7.1   Some corporate risks facing the Council as identified on the register are driven or influenced by statutory requirements. For example, at risk category 8 - Equalities, Diversity and Inclusion refers to the Equality Act 2010.

8.   Other considerations

8.1   Whilst not currently referred to as a specific risk category on the Corporate risk register, the challenges facing the external audit sector have continued to present risks across the local government sector in terms of significant ongoing delays and backlogs in external audit assurance provision relating to prior year accounts, and the subsequent limitations regarding audit coverage and opinions. The external audit review process relating to 2023/24 for Spelthorne has however commenced.

8.2   It should be noted that there could be further developments under any of the risk categories between the report being drafted and this being reported to the Committee. Any significant changes would therefore be reported verbally at the Committee as necessary.

9.   Equality and Diversity

9.1   The Corporate Risk Register incorporates Equality, Diversity and Inclusion as a specific strategic risk category and sets out current controls and current mitigation measures in place, as well as future risk management strategies. There are no further areas of progress to report as part of the June review of the risk register.

10.   Sustainability/Climate Change Implications

10.1   There are none separate to those in the revised Corporate Risk Register, and some updates have been made under the broad risk category 6 as part of the June review of the register.

11.   Timetable for implementation

11.1   Future risk management strategies show lead Council officers responsible for progressing actions, together with target timescales for implementation. The register content is reviewed and updated three times a year in consultation with the corporate Management Team, Group Heads and managers. It is coordinated, analysed, and reported by the Deputy Chief Executive, which includes identifying new risk descriptions, high level review of relevance of control and mitigation actions being reported in context of risk area, and proposing new risk management strategies in consultation with managers where deemed appropriate.

12.   Contact

12.1   Lee O'Neil – Deputy Chief Executive (l.o'neil@spelthorne.gov.uk)

12.2   Please also refer to contact names provided for Risk owners/accountable officers as well as lead Officers who hold responsibility for implementing systems of internal control and mitigating actions to manage and alleviate the risks identified against each broad risk category and risk subject area.

Background papers:

There are none.

Appendices:

Appendix A - Corporate Risk Register – this includes related narrative content as well as (i) level of assessed risk i.e., Red/Amber/Green - RAG status of each risk category (ii) Numerical Risk score and Direction of Travel.

Appendix B –Risk scoring matrix summary – level of assessed risks in the register.

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Risk category	1a - Housing – Development and Targets
Risk subject area	Alternative Development delivery options

12

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Last review by	l.o'neil@spelthorne.gov.uk 6/20/2024 5:00:00 PM
Corporate priorities	Addressing Housing Need
Risk owner	Admin Lee O'Neil Terry Collier Daniel Mouawad
Lead officer	Coralie Holman

Risk description

- In identifying, as part of the new Delivery Strategy, alternative Development Delivery Options for Council Owned Development Sites, there are new risks to assess to determine whether such arrangements (for example Joint Ventures) represent financially viable solutions in the long term and that they do not accelerate the Council's financial risk exposure to an unacceptable level, consequently presenting further uncertainty and strain on the Council's financial sustainability.   Updated 14/6/24

Current control actions
These are specific actions to reduce the likelihood of a risk event or occurrence

- Governance and reporting arrangements.

- Professional advice, expertise and input from officers across the Council , to guide and support on the implications of any proposed routes put forward.

- Scrutiny of decisions is embedded within the Committee system of governance, and a 'call in' procedure can be invoked if required.

Current mitigating actions
These are specific actions to reduce the impact of a risk event should it occur

- Progressing new Member driven strategy in consultation with residents for delivering housing outcomes across the sites currently owned by the Council.

Future actions

	Type	Timeline	Description	Status	Comments
•	Mitigation	April 2024	Identification and rigorous assessment of alternative Development Delivery Options for Council Owned Development Sites, to ensure they represent financially viable and sustainable solutions in delivering development targets.	In Progress	

Risk category	1a - Housing – Development and Targets
Risk subject area	Timelines for delivery

12

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Last review by	l.o'neil@spelthorne.gov.uk 6/20/2024 5:00:00 PM
Corporate priorities	Addressing Housing Need
Risk owner	Admin
	Lee O'Neil
	Terry Collier
	Daniel Mouawad
Lead officer	Coralie Holman

Risk description

- Further to the Council's decision to suspend direct delivery of the Housing development programme from mid-September 2023, this will further impact timelines for delivery of housing schemes and development targets (both affordable and general housing).

Current control actions
These are specific actions to reduce the likelihood of a risk event or occurrence

- Residual risk that may have to be accepted given the risk event occurrence and impact.

Current mitigating actions
These are specific actions to reduce the impact of a risk event should it occur

- Residual risk that may have to be accepted given the risk event occurrence and impact.

Future actions

	Type	Timeline	Description	Status	Comments
•	Mitigation	September 2024	Once strategy routes have been confirmed, monitoring mechanisms to be pursued of revised timelines for delivery of targets Reviewed 14/6/24	Outstanding	

Risk category	1a - Housing – Development and Targets
Risk subject area	Local Plan

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Last review by	l.o'neil@spelthorne.gov.uk 6/20/2024 5:00:00 PM
Corporate priorities	Addressing Housing Need
Risk owner	Admin Lee O'Neil Terry Collier Daniel Mouawad
Lead officer	Heather Morgan

Risk description

- Any further delays in the examination and adoption of the Local Plan are likely to continue to impact on the ability to bring forward the appropriate quantum of housing development.

- If the Local Plan process is not subject to robust challenge, this may not provide adequate opportunity to shape and finalise a plan at key stages to ensure it meets the (a) optimal interests of Spelthorne (b) all regulatory, legislative and professional requirements.

- Due to further pausing of the Local Plan Examination Hearings until Spring 2024, as a result of the decisions made at the extraordinary E&S committee meeting on 29 February 2024, a number of specific risks and challenges include: (i) additional pressure on SBC Local Plan to meet the housing need of other boroughs (ii) a lack of certainty around Housing Delivery (iii) legal challenge (iv) prospect of unsuitable developments (v) financial impact to the Council from delays in adoption of the plan (vi) adverse publicity and reputational damage

- Increased possibility of central government intervention to facilitate progression of the plan if the Council does not take active steps to move forward at an appropriate pace. This could have significant implications in terms of the sovereignty of decision making by the Council.

- On 2 May 2024, the EA advised they had some key concerns around flooding issues, and the soundness of the Local Plan unless further changes were made. However the EA believe these issues can be overcome and addressed. There is an on-going dialogue between SBC and the EA. There is a risk that if the matter is unresolved, the number and deliverability of a number site allocations may be at risk. This could potentially impact on the ability to deliver the required 5 and 10 year housing land supply (when combined with removing the green belt sites that the Council no longer wishes to pursue - agreed by E&S committee on 29 February 2024)

Current control actions
These are specific actions to reduce the likelihood of a risk event or occurrence

- Impact assessment of the revised NPPF on the Local Plan submitted for Examination (on the basis of the current draft NPPF), with options around possible next steps.

- Planning regulatory framework

- Planning Committee, Officer presentations/professional advice and Member decision making

- Local Plan inspectorate and independent examination/assessment. Once the views of the EA have been received on the revised SFRA and the Councils proposed amendments to site allocations (removals, moving back later in the plan period, development subject to the implementation of the River Thames scheme) these will be provided to the Planning Inspector for him to each a view on whether the Council is able to re-start the Examination process or not

- As a result of the Ministerial Direction (September 2023), monthly progress meetings continue to be held between senior officers from DLUHC and the Council. This ensures that all sides are aware of progress on key milestones. Announcement of general election for 4 July may curtail this activity in the short term

- Strategic flood risk assessment (SFRA) as part of Local Plan process, informing decision making. A revised SFRA based on up to date EA modelling for the Thames and the River Ash has been completed and sent to the EA on 20 March 2024. The EA responded on 2 May and asked for further clarification on a number of matters (largely around site allocations and matters of technical detail). Further information will be provided to the EA by early June, with a final response from the EA expected towards the end of June

- Planning policies and guidelines

- Future review of the Strategic Flood Risk Assessment (SFRA) in light of the River Thames Scheme modelling as required.

Current mitigating actions
These are specific actions to reduce the impact of a risk event should it occur

- Strategic flood risk assessment (SFRA) as part of Local Plan process, informing decision making. A revised SFRA based on up to date EA modelling for the Thames and the River Ash has been completed and was sent to the EA on 20 March 2024. The EA responded on 2 May and asked for further clarification on a number of matters (largely around site allocations and matters of technical detail). Further information will be provided to the EA by early June, with a final response from the EA expected towards the end of June.

- Impact assessment of the revised NPPF on the Local Plan submitted for Examination (on the basis of the current draft NPPF), with options around possible next steps.

- Future review of the Strategic Flood Risk Assessment (SFRA) in light of the River Thames Scheme modelling as required

Future actions					
	Type	Timeline	Description	Status	Comments
•	Control	TBD	Preparation and adoption of New Local Plan to meet future need and strengthen affordable Housing Policy	In Progress	Awaiting decision of Planning Inspector on whether the Council can go back to Examination on not (once he has received the EA's comments on revised SFRA modelling)
•	Mitigation	TBD	Preparation and adoption of	In Progress	See action on Control

		New Local Plan to meet future need and strengthen affordable Housing Policy		section	
• Mitigation	Dec 2024	All schemes progressed on Council owned land considered against the flood risk to ensure appropriate mitigation is included within the scheme design.	In Progress	flood risk mitigation will be integral to all decisions by councillors on joint ventures/partnerships on sites within Staines-upon-Thames

Risk category	1a - Housing – Development and Targets
Risk subject area	Housing Development Programme

12

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Last review by	l.o'neil@spelthorne.gov.uk 6/20/2024 5:00:00 PM
Corporate priorities	Addressing Housing Need
Risk owner	Admin Lee O'Neil Terry Collier Daniel Mouawad
Lead officer	Coralie Holman

Risk description

- A number of factors have continued to very significantly affect the financial viability of each project (as previously reported) leading to rising overall costs, and risk of adverse financial position of the Council. In responding to this threat, the Council decided to suspend direct delivery of the Housing development programme from mid-October 2023. Options are being explored which will determine the extent to which accumulated capitalised costs of £10m to £15M will need to be charged to Revenue. In addition, holding costs of £1.6m per annum relating to the housing delivery schemes are continuing to be incurred until outcomes are delivered on the sites. This continues to have a significant financial impact on the Council's budgetary position.

  Updated 26/6/24

Current control actions
These are specific actions to reduce the likelihood of a risk event or occurrence

- Governance and reporting arrangements. Examples include progress reporting of Property Development projects to officer and Member groups.

- Established policies and framework

Current mitigating actions
These are specific actions to reduce the impact of a risk event should it occur

- Progressing new Member driven strategy in consultation with residents for delivering housing outcomes across the sites currently owned by the Council.

- Reserves strategy. Application of earmarked financial reserves to the Council's budget.

- Assessment of options incorporating mitigation of holding costs on development sites.

Future actions

Type	Timeline	Description	Status	Comments

- Mitigation   .   Finalisation and implementations   Outstanding
                                     of Member driven strategy for
                                     delivering housing outcomes
                                     across sites owned by the
                                     Council

Risk category	1b - Housing – Affordable
Risk subject area	Housing Supply and Demand

12

<12   12>

Last review by	l.o'neil@spelthorne.gov.uk 6/20/2024 5:00:00 PM
Corporate priorities	Addressing Housing Need
Risk owner	Admin Lee O'Neil Terry Collier Daniel Mouawad
Lead officer	Karen Sinclair Housing Admin

Risk description

- Lack of affordable housing supply increases homelessness with increased demand for temporary or social housing.
  The demand for temporary housing increased significantly over the last year and is expected to increase further. The cost of temporary accommodation sourced on the private market, grows as the demand increases. At present the average annual cost of a placement in temporary accommodation is £20,000 per annum. The increased demand is caused by the shrinking private rented sector, affordability of rent and the wider cost of living crisis.
  Long term prospect for increase in supply of housing appears bleak due to lack of interest from RPs to take s.106 units, the Council suspending its development and wider viability challenges for developers.

- Increased rate of determination of asylum seekers claims is resulting in more residents at the Asylum Seekers initial accommodation hotel in the Borough presenting to the Council seeking housing support.

- Geopolitical factors continue to present increased demand in supporting refugee communities and consequently managing the provision of suitable and secure housing.

- Housing provision (types of units) does not meet local resident needs or address client special needs for accommodation. Any delay in adopting the Local Plan does not assist in progressing a wide spread of units for differing needs. If fundamental housing needs are not met / maintained this may have a negative impact on the health and wellbeing of individuals / families.

- If information relating to housing need becomes out of date or is significantly inaccurate this could have implications for the effectiveness and implementation of housing and homelessness strategies

- This is an external pressure based on asylum seekers coming to the UK
- Cost of living crisis, shrinking private rented sector, insufficient number of affordable housing, migration - refugees and Asylum seekers.

Current control actions
These are specific actions to reduce the likelihood of a risk event or occurrence

- The review process for S106 agreements with Developers aims to capture additional affordable housing.

- Quarterly Strategic Action Plan monitoring and review relating to Housing and

Homelessness Strategies. Member approved tenancy strategy.

- More robust eligibility criteria now applied in determining applicants for the Social Housing register, to reflect allocation policy.

- Homelessness Reduction Act incorporates proactive and preventative measures to support those at higher risk of homelessness

- Collaborative working with Registered Social Landlords and Partners to pursue delivery of affordable housing need and manage pipleline of units.

Current mitigating actions
These are specific actions to reduce the impact of a risk event should it occur

- Council is lobbying for additional funding support in recognition of the resourcing and financial impact of more asylum seekers presenting in need of housing support.

- Spelthorne participates in the Local Authority Housing Fund (LAHF) capital funding programme (Rounds 1, 2 and 3) to acquire properties to house homeless refugees, as well as delivery of temporary accommodation. Spelthorne successfully delivered in the first 2 rounds of the LAHF programme and secured funding for the extension of Rounds 1 and 2, to deliver further 52 units (50 of which are temporary accommodation). In addition, Spelthorne was allocated further funding for a minimum of 8 units in Round 3 and applied for additional allocation of funding. The delivery of both the extension to Round 1 and 2 as well as Round 3 programmes is progressing well, with all purchases scheduled to complete this summer.

- Applying Home Office funding and implementing wider schemes to provide additional support to refugees.

Future actions

	Type	Timeline	Description	Status	Comments
•	Mitigation		Targeted exercise to identify potential tenancy fraud , with a view to freeing up social housing	In Progress	
•	Mitigation		Acquisition of properties to support refugees forms an important strategy that the Council is pursuing. (Partly funded from the LAHF grant rounds 1 & 2).	In Progress	

Risk category	1b - Housing – Affordable
Risk subject area	Housing provision and addressing need

12

<12 9>

Last review by	l.o'neil@spelthorne.gov.uk 6/20/2024 5:00:00 PM
Corporate priorities	Addressing Housing Need
Risk owner	Admin Lee O'Neil Terry Collier Daniel Mouawad
Lead officer	Karen Sinclair Housing Admin

Risk description

- Housing provision (types of units) does not meet local resident needs or address client special needs for accommodation. Any delay in adopting the Local Plan does not assist in progressing a wide spread of units for differing needs. If fundamental housing needs are not met / maintained this may have a negative impact on the health and wellbeing of individuals / families.

- If information relating to housing need becomes out of date or is significantly inaccurate this could have implications for the effectiveness and implementation of housing and homelessness strategies

Current control actions
These are specific actions to reduce the likelihood of a risk event or occurrence

- Collaborative working with Registered Social Landlords and Partners to pursue delivery of affordable housing need and manage pipeline of units.

- The review process for S106 agreements with Developers aims to capture additional affordable housing.

- Quarterly Strategic Action Plan monitoring and review relating to Housing and Homelessness Strategies. Member approved tenancy strategy.

- More robust eligibility criteria now applied in determining applicants for the Social Housing register, to reflect allocation policy.

Current mitigating actions
These are specific actions to reduce the impact of a risk event should it occur

- Administration and Group Leaders had a productive session with Professor Morphet who generated a number of suggestions as to strategies which could be sexplored to help address provision of affordable housing. Many of the suggestions have already been explored/considered but all the suggestion are being evaluated

Future actions					
Type	Timeline	Description		Status	Comments

Risk category	2 - Economy
Risk subject area	Long Term uncertainty of macroeconmic environment

9

<9   9>

Last review by	l.o'neil@spelthorne.gov.uk 6/20/2024 5:00:00 PM
Corporate priorities	Resilience
Risk owner	Admin
	Lee O'Neil
	Terry Collier
	Daniel Mouawad
Lead officer	Heather Morgan

Risk description

- Whilst Council actions aim to support businesses and the local economy, these actions alone can only have a limited impact due to the overarching effects and long-term uncertainty of the macroeconomic environment, market volatility and geopolitical factors over which the Council has incredibly little influence.

Current control actions
These are specific actions to reduce the likelihood of a risk event or occurrence

- The Business, Infrastructure and Growth (BIG) Committee provides a mechanism for the Council's Economic Prosperity strategy to be periodically refreshed and reported. The new committee gives the opportunity to ensure economic development considerations are integral to investment, development and place shaping decisions

- An Economic Prosperity Strategy has been developed (2023 – 2028) which addresses the key actions which face the borough. It incorporates a detailed strategy action plan detailing performance management measures in anticipating outcomes. An internal review is being undertaken (Spring 2024) to determine if the strategy is still fit for purpose or needs refining - it will consider skills/employment, our hub and incubator, inward investment and whether more business engagement is required at a strategic level. A report will go to BIG committee in autumn 2024.

Current mitigating actions
These are specific actions to reduce the impact of a risk event should it occur

- Whilst Council actions aim to support businesses and the local economy, these actions alone can only have a limited impact due to the overarching effects and long-term uncertainty of wider externalities.

Future actions

Type	Timeline	Description	Status	Comments

Risk category	2 - Economy
Risk subject area	Cost of doing Business crisis

6

<9   6>

Last review by	l.o'neil@spelthorne.gov.uk 6/26/2024 2:20:58 PM
Corporate priorities	Resilience
Risk owner	Admin Lee O'Neil Terry Collier Daniel Mouawad
Lead officer	Heather Morgan

Risk description

- The potential for increased level of business failures amidst the growing 'Cost of doing business crisis' has led to closure of some retail and business units across the borough as a result of wider economic instability (inflationary pressures and increase in borrowing) and the need to pass on increased costs to the consumer. This impacts the economic prosperity of the borough and affects collections rates for business rate income, with reduced levels impacting finances and services available.

Current control actions
These are specific actions to reduce the _likelihood_ of a risk event or occurrence

- Government assisted Energy Bills Support Scheme (EBSS) to support increased energy costs / bills.

- Monthly monitoring of Collection fund - Business Rates and Council Tax collection rates. Regular reporting of these to Corporate Debt Group and as part of KPI's to Councillors

- Shared Prosperity Fund Investment Plan to support economic regeneration. From a business perspective the Council secured funding for (1) climate change audits (2) consultancy support to ensure businesses can be sustained (3) funding for employment and skills hub (termed youth hub at point of bid submission)

Current mitigating actions
These are specific actions to reduce the _impact_ of a risk event should it occur

- Approved Town Centres Strategy for 2023 set out key actions for smaller shopping areas and parades. These have been implemented and provided targeted support and interventions, with timescales and measures of success identified. The work of this strategy has now been completed

- Local mitigating measures taken by the Economic Development team (to influence areas where a degree of local control can be applied). These include several measures to strengthen the resilience of local businesses in the face of future challenges - e.g. website design and increasing social media presence, energy efficiency measures, business networking and business to business support

Future actions					
Type	Timeline	Description		Status	Comments

Future actions					
Type	Timeline	Description		Status	Comments

Risk category	3 - Financial Resilience and Commercial Assets
Risk subject area	Commercial investment portfolio

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Last review by	l.o'neil@spelthorne.gov.uk 6/20/2024 5:00:00 PM
Corporate priorities	Resilience
Risk owner	Admin Lee O'Neil Terry Collier Daniel Mouawad
Lead officer	Coralie Holman

Risk description

- Evolving externalities arising since the aftermath of the pandemic now compounded by the Cost-of-Living crisis and inflation, both continue to increase the Council's exposure to financial risk, with possible implications for the investment portfolio, including loss of anticipated rental income and increased costs from vacant space within the commercial assets. This may impact on the financial position, and our ability to deliver discretionary services, leading in the worst-case scenario to the Council becoming financially unsustainable with associated reputational damage.

- If key commercial asset leases are not maintained or renewed this may have implications for maintaining flow of rental income. Where asset holdings are aligned to a specific sector or location this could be impacted by wider externality factors and potentially present limitations in deriving optimal value

Current control actions
These are specific actions to reduce the likelihood of a risk event or occurrence

- Overarching Asset Management Strategy & Asset Management Plan

- Individual Business Plans for all assets, with a summary portfolio level AIS focused on the coming 12 month period

- Capital Strategy includes key performance indicators (being developed further) with a particular focus on the investment portfolio. The investment portfolio has it's own bespoke KPIs and Risk Register.

- Performance management measures – developing KPIs which are reviewed annually and benchmarked against external, regional property indicators i.e., vacancy rates, market rentals, occupier demand.

- Governance reporting - Investment performance reported regularly to Councillors

Current mitigating actions
These are specific actions to reduce the impact of a risk event should it occur

- Sinking fund reserves strategy to support periods of tenancy voids and offset dips in rental income.

Monitoring of contributions and overall amount of sinking fund balance held.

- Ten-year worst and expected case sinking fund scenario projections are reviewed fortnightly and will be shortly extended to a 20-year time frame.

- Periodical financial health check of tenants to support accurate forecasts

- Ongoing management of voids with a view to reducing the portfolio void rate. Assets team proactively working to fill voids quickly using external lettings agents, understanding market demand and the size of accommodation needed.

- SBC has participated in a review of capital risk mitigation with DLUHC and Chartered Institute of Public Finance and Accountancy (CIPFA) and is in the process of taking on board any improvement suggestions. On 8th May DLUHC announced a Best Value Inspection process to review how the Council mitigates risk.
  Updated 14/6/24

- Proactive monitoring of key lease renewals to secure ongoing rental income, or pursue options for alternative use . Assets team engage with tenants ahead of lease ends/breaks coming up
  Updated 14/6/24

- Public Interest Report Action Plan implemented. Review against PIR Action Plan coming to July Audit Committee.
  Updated 14/6/24

- Invite external consultants with specialist expertise to critique approaches and share any learning points. For example JLL's report to Development Sub-Committee in February 20024 and March 2024 Audit Committee.
  Updated 14/6/24

Future actions					
	Type	Timeline	Description	Status	Comments
•	Mitigation	Ongoing	To explore and assess opportunities for further diversification of the Council's asset holdings	In Progress	
•	Mitigation	End of August 2024	The Council will actively and openly engage with the Best Value Inspection team to assist in an independent review of risk management and governance .	In Progress	

Risk category	4 - Financial Resilence and Supporting Communities
Risk subject area	Financial Pressures - increased costs

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Last review by	l.o'neil@spelthorne.gov.uk 6/26/2024 2:39:39 PM
Corporate priorities	Resilience
Risk owner	Admin Lee O'Neil Terry Collier Daniel Mouawad
Lead officer	Terry Collier

Risk description

- Significantly increased financial pressures faced by the Council, similar to other councils arising from the recent inflationary pressures on fuel, gas and electricity, staff pay pressures, significantly increased PWLB loan rates presenting higher borrowing costs, managing accumulated capitalized costs and annual holding costs relating to housing delivery schemes, and other external factors are collectively causing a significant increase in revenue costs and capital expenditure. Equally the housing crisis is increasing the need to spend on temporary accommodation to support residents

  Potential risk as housing and cost of living crises continue to impact on households more of them will struggle to pay council tax bills

Current control actions
These are specific actions to reduce the likelihood of a risk event or occurrence

- Financial impact assessment modelling undertaken as proactive measure.

- Annual budget process incorporates review and scrutiny at several stages.

  Under Committee system process has been made more transparent

  For 2025-26 Budget process we will be implementing Zero Based Budgeting
  Updated 14/6/24

- All Councillor Budget Briefings, undertaken 3 times a year setting out financial risks in context of budgetary position, informing budgetary process.

Current mitigating actions
These are specific actions to reduce the impact of a risk event should it occur

- Inflationary pressure contingency reserve to assist with any anticpated budget deficit.

- Earmarked revenue reserves with forecast for the next four years. Financial Reserves strategy subject to regular review, with annual review and approval of the Reserves Strategy by Corporate Policy and Resources Committeee

- Monitoring levels of reserves used at SBC and key financial performance indicators. Benchmarking and analysis of other Surrey Boroughs and districts use of reserves. Also benchmarking through LG Improve Updated 14/6/24

- Medium term financial strategy providing a framework for managing financial resources, in a planned and pro-active way. Enables measures to be implemented which may take time to deliver results ahead of when required. For example the Council is expecting additional pressures in 2026-27 if a Fair Funding Review and Business Rates reset happens then.

- Budget put forward for making efficiency savings over the next 4 years to further safeguard the authority. New targets have been incorporated into the 2024-25 Budget. Progress against savings targets will be reported on a quarterly basis to MATplus and councillors

Future actions					
	Type	Timeline	Description	Status	Comments
•	Mitigation	September 2024	SBC has participated in a review of capital risk mitigation with DLUHC and Chartered Institute of Public Finance and Accountancy (CIPFA) and is in the process of taking on board any improvement suggestions. DLUHC has notified the Council that it has commissioned a Best Value Inspection to be undertaken by end of August 2024. The Council is positively engaging with the Best Value Inspection Process. Updated 14/6/24	In Progress	The Council will positively engage with the Best Value Inspection process and address any recommendations.
•	Mitigation		Progressing medium term financial strategy and efficiency savings plan.	In Progress	
•	Mitigation		Monitoring and periodically reporting on outcomes of 4 year efficiency savings plan	In Progress	

Risk category	4 - Financial Resilence and Supporting Communities
Risk subject area	Restricted borrowing levels

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Last review by	l.o'neil@spelthorne.gov.uk 6/26/2024 2:55:55 PM
Corporate priorities	Resilience
Risk owner	Admin Lee O'Neil Terry Collier Daniel Mouawad
Lead officer	Paul Taylor

Risk description

- As the Council's borrowing levels have necessarily become restricted in the context of wider financial and externality risk, this could impact how the Council responds to unexpected events or factors presenting uncertainty and therefore its financial resilience. Moving forwards it is exploring options both for generating capital receipts and drawing down some of its medium term financial investments which will reduce need for future borrowing.
Whilst the Best Value Inspection process continues the Council remains able to borrow from the Public Works Loan Board.

  Updated 14/6/24

Current control actions
These are specific actions to reduce the likelihood of a risk event or occurrence

- Revised Treasury Management Strategy approved with amendments to the prudential indicators

Current mitigating actions
These are specific actions to reduce the impact of a risk event should it occur

- Participated in a Capital Assurance review with DLUHC and Chartered Institute of Public Finance and Accountancy (CIPFA) and in the process of taking on board any improvement suggestions. Coinciding with the publication of the final Best Value Guidance, DLUHC notified the Council of a Best Value Inspection process to be completed by end of August 2024. This will review risk mitigation arrangements around level of borrowing and reliance on investment assets income.

  Updated 14/6/24

- Participated in Surrey wide financial resilience review with commissioning of independent consultants to consider financial metrics as part of this assessment

Future actions

Type	Timeline	Description	Status	Comments

• Mitigation		Any outcomes or further learning arising from the Surrey wide financial review will continue to be considered.	In Progress
• Control	End of August 2024	Council will positively engage with the Best Value Inspection process and will address any recommendations which emerge. Updated 14/6/24	In Progress

Risk category	4 - Financial Resilience and Supporting Communities
Risk subject area	Financial Pressures - Cost of Living Crisis and increased demand on Council Services

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Last review by	l.o'neil@spelthorne.gov.uk 6/26/2024 2:56:46 PM
Corporate priorities	Resilience
Risk owner	Admin Lee O'Neil Terry Collier Daniel Mouawad
Lead officer	Terry Collier

Risk description

- Combined with reduced fee income and potential for lower collection rates of Business Rates and Council Tax (exacerbated further by the continued Cost-of-Living crisis) this could have an impact on the Council's ability to deliver services as well as creating greater demands on community services, leading to a negative impact on the Borough's residents and communities (economic, social, physical and mental wellbeing). This coincides with increased service demands, leading to further growth bids for resourcing which are not financially sustainable or affordable unless these can be offset by savings. Ongoing financial pressures, in worst case scenario, could lead to the Council becoming financially unsustainable

Current control actions
These are specific actions to reduce the likelihood of a risk event or occurrence

- Annual budget process incorporates Officer and Member review and scrutiny at several stages with measures to support production of balanced budget. Service planning process integrates with annual budget process.

- Medium term financial strategy providing a framework for managing financial resources.

- All Councillor Budget Briefings, undertaken 3 times a year setting out financial risks in context of budgetary position, informing budgetary process.

Current mitigating actions
These are specific actions to reduce the impact of a risk event should it occur

- Budget put forward for making efficiency savings over the next 4 years to further safeguard the authority. Progress against this target is currently being re-assessed, and additional measures put in place to maintain clear focus on cashable savings.

- Cashable savings working group set up to target efficiencies and savings.

- Procurement Projects Board set up to ensure focus on delivering value for money from procurement.

- Use of Local Authority Housing Fund is enabling purchase of approximately 60 Temporary Accommodation with near 50% grant funding and transferring the units to the Council's Housing Company. Having direct control of such units will save the Council approximately £3m per annum compared to the alternative of placing in private bed and breakfast. This is significantly mitigating the housing pressures on the Council's Revenue Budget.

| Future actions | | | | | |
Type	Timeline	Description		Status	Comments
• Mitigation		Progress against cashable savings will be incorporated into the quarterly budget monitoring reports.		In Progress	

Risk category	5 - Treasury Management
Risk subject area	Return on Investments

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Last review by	l.o'neil@spelthorne.gov.uk 6/20/2024 5:00:00 PM
Corporate priorities	Resilience, Services
Risk owner	Admin Lee O'Neil Terry Collier Daniel Mouawad
Lead officer	Paul Taylor

Risk description

- If the Council receives a reduced return on long term investments and/or investments become insecure in the current / future economic climate, then this will have an adverse impact on the Council's financial position, weakening financial resilience. Currently interest rates are relatively high which has boosted returns, but it is expected that the Bank of England will start to reduce base rate later in 2024 proably in June or Augus, when this happens rates we can achieve are likely to start to reduce.

  A risk of missing opportunity to lock in good return rates in investments such as supranational bonds. However, need to be weighed up against need to maximise ability to internally borrow and reduce need to externally borrow.
  Updated 12/6/24

- Risk of not aligning investments with the Council's Environmental, Social and Governance (ESG) Objectives

Current control actions
These are specific actions to reduce the likelihood of a risk event or occurrence

- Council's investments are managed internally in consultation with specialist advisors Arlingclose.

- Investments with approved institutions as per policy and strategy

- Aim to select counter parties of the highest credit quality.Credit ratings monitored. Credit Default Swaps (SDS) are monitored

- Approved Treasury Management Strategy for 2023-24. February 2024 Council has approved Strategy for 2024-25. Officers are in ongoing discussions with our Treasury management advisers and will be bringing forwards options for evolving the strategy which could involve drawing down medium term financial investments, thereby reducing the need for future borrowing, and or fixing some funds in supranational bonds (such as European Investment Bank) delivering good fixed rate interest returns

  Officers in discussion with Treasury Management advisers who will be setting out options for councillors to evaluate in early autumn.

Updated 12/6/24

- Application of professional (CIPFA) Code of Practice and Prudential and Treasury Management Codes

- Performance measurement and outturn reporting, as well as Investment Benchmarking

- Regular engagement with the Council's specialist advisors at Officer and Member level to enhance knowledge, subsequently informing decisions.

- Arlingclose to provide training session for councillors

Current mitigating actions
These are specific actions to reduce the impact of a risk event should it occur

- By investing in a balanced mix of unit funds linked to assets, bonds and equities this is intended to spread the risk and minimize the impact of occurrence of any adverse investment returns.

Future actions

Type	Timeline	Description	Status	Comments

Risk category	5 - Treasury Management
Risk subject area	Borrowing

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<9   9>

Last review by	l.o'neil@spelthorne.gov.uk 6/20/2024 5:00:00 PM
Corporate priorities	Resilience, Services
Risk owner	Admin Lee O'Neil Terry Collier Daniel Mouawad
Lead officer	Paul Taylor

Risk description

- Significant rises in interest rates and increased cost of borrowing / loans influence the Council's treasury activities. This also presents positive opportunities in enabling great returns to be earned on the Council's surplus cash supporting the Revenue Budget.

- Risk that Council fixes borrowing required for existing capital programme too early and locks into a higher cost of borrowing.
12/6/24

Current control actions
These are specific actions to reduce the likelihood of a risk event or occurrence

- Approved Treasury Management Strategy for 2023-24.

- Application of professional (CIPFA) Code of Practice and Prudential and Treasury Management Codes

- Regular engagement with the Council's specialist advisors at Officer and Member level to enhance knowledge, subsequently informing decisions.

Current mitigating actions
These are specific actions to reduce the impact of a risk event should it occur

- Ongoing review and assessment of options with Treasury Management advisors regarding the Council's borrowing strategy in the context of interest rates rises and volatility.

  Officers discussing options with TM advisers, options could include reducing medium term pools to facilitate short term internal borrowing to reduce need for external borrowing.
  12/6/24

- Fixed interest rate on most debt and for investment assets an interest equalization reserve is in place.

Future actions

Type	Timeline	Description	Status	Comments

- Control   Jan 2024   Arlingclose to provide training session for councillors.   Outstanding

Risk category	6 - Climate Change
Risk subject area	Climate Change threat and impact

12

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Last review by	l.o'neil@spelthorne.gov.uk 6/20/2024 5:00:00 PM
Corporate priorities	Environment
Risk owner	Admin Lee O'Neil Terry Collier Daniel Mouawad
Lead officer	Sandy Muirhead

Risk description

- Climate change represents a significant global threat driving social and economic disruption with far ranging consequences for socioeconomic stability. Climate change and extreme weather events impact health and safety, food systems, supply chains & procurement, economic productivity, and losses. Due to climate change, there is a specific risk to the Borough of Spelthorne in terms of more extreme heat and increased flooding, besides the more global threats such as severe storms (threat to loss of life and limb) impacting locally. As climate change is happening updated the RAG status to 12 as the changing climate will have impacts on the Borough.

Current control actions
These are specific actions to reduce the likelihood of a risk event or occurrence

- Environment and Sustainability Committee developed an action plan to move the Council towards net zero carbon emissions, aiming to get to Net Zero for Scope 1 and 2 emissions by 2030. The strategy is currently being updated along with a clear action tracker which will go to Committee in September/October 2024

- Environment and Sustainability Committee will continue to explore ways to meet a carbon neutral target, and to promote climate change as an issue that needs to permeate all Council areas to ensure SBC reduce their carbon footprint and adapt to climate change.

- Surrey County Council have developed a strategy on Climate Change referred to as Greener Futures Delivery Plan which the Environment and Sustainability Committee have supported. Linked Spelthorne's Climate Change strategy where appropriate to Greener Futures Delivery Plan.

- Collaborative measures to support a coordinated approach to strategy implementation.

- Continuing to roll out Carbon Literacy training days and participating staff have committed to a range of carbon saving pledges. Member Induction training of June 2023 incorporated this area. Reached bronze level in the carbon literacy hierarchy and aiming for silver

Current mitigating actions
These are specific actions to reduce the <u>impact</u> of a risk event should it occur

- Funding resources secured to support strategy implementation and are being allocated and targeted to reduce the carbon footprint of the Council to help ensure SBC are net zero by 2030. Seeking alternative funding to continue to develop schemes to meet net zero targets.

- The corporate plan has key actions on climate change and is supported by the climate change strategy and associated actions which require services to address the net zero targets the Council has set.

Future actions

	Type	Timeline	Description	Status	Comments
•	Control		Within the legal constraints to implement the proposed supplementary planning guidance (SPD) to assist in future properties being better adapted to both heat and cold. However, SPD moving beyond guidance to having more weight in the planning process is dependent on implementation of the Local Plan.	Outstanding	The guidance is helpful in demonstrating what can be done to improve the resilience of properties to climate change
•	Mitigation	2022 to 2028	Reviewing and updating climate change strategy and ensuring fully aligned with corporate plan actions but includes mitigation options for Council assets, enhancement of biodiversity and adaptation.	In Progress	

Risk category	6 - Climate Change
Risk subject area	Responding and adapting to Climate Change

8

<12   9>

Last review by	l.o'neil@spelthorne.gov.uk 6/26/2024 3:02:07 PM
Corporate priorities	Environment
Risk owner	Lee O'Neil Terry Collier Daniel Mouawad
Lead officer	Sandy Muirhead

Risk description

- If the Council is not pursuing measures or seeking positive opportunities to mitigate and adapt to climate change, it could result in criticism / bad press / public demonstration and additional organisational pressures may result in a loss of focus around climate change and green initiatives. A lack of preparedness for the impacts of climate change may lead to Council Services no longer being sustainable or in a suitable position to operate in the future. The last 8 years have been the world's hottest and in the last summer there were 72,000 excess deaths in Europe due to the extreme heat. The UK is equally likely to see weather extremes going forward impacting on the economy and actions required by the Council e.g in times of severe flooding seriously draining the Council's resources.

Current control actions
These are specific actions to reduce the likelihood of a risk event or occurrence

- Environment and Sustainability Committee developed an action plan to move the Council towards net zero carbon emissions, aiming to get to Net Zero for Scope 1 and 2 emissions by 2030.

- Environment and Sustainability Committee will continue to explore ways to meet a carbon neutral target, and to promote climate change as an issue that needs to permeate all Council areas to ensure SBC reduce their carbon footprint and adapt to climate change.

- Surrey County Council have developed a strategy on Climate Change referred to as Greener Futures Delivery Plan which the Environment and Sustainability Committee have supported. Linked Spelthorne's Climate Change strategy where appropriate to Greener Futures Delivery Plan.

- Collaborative measures to support a coordinated approach to strategy implementation.

- Continuing to roll out Carbon Literacy training days and participating staff have committed to a range of carbon saving pledges. Member Induction training of June 2023 incorporated this area.

- Carbon Footprint section on Service Plans which provides an opportunity for departments to support the Council's commitment to reducing carbon emissions and explain how they intend to adapt elements of their service delivery to achieve this.

Current mitigating actions
These are specific actions to reduce the <u>impact</u> of a risk event should it occur

- Funding resources secured to support strategy implementation and are being allocated and targeted to reduce the carbon footprint of the Council to help ensure SBC are net zero by 2030

- Seeking further funding for all projects from external sources e.g seeking grants to plant mini-forests, grants for insulation in homes in the Borough. All such actions contribute to reducing the carbon footprint of the Borough as a whole

Future actions

	Type	Timeline	Description	Status	Comments
•	Control	August 2024	Cllrs were given training to raise awareness and enhance understanding of Climate Change issues across the Council. Cllrs have recently agreed that encouragement needs to be given for Cllrs that have not completed the training to do so. Relevant information to be given to Group Leaders	In Progress	
•	Mitigation	December 2024 but will ongoing	Training is underway to raise awareness and enhance understanding of Climate Change issues across the Council (staff and Councillors).	In Progress	
•	Control	December 2024	To build on Greener Futures climate adaptation strategy and incorporate actions into our climate change strategy.	In Progress	

Risk category	6 - Climate Change
Risk subject area	Integration into decision making

6

<12   6>

Last review by	l.o'neil@spelthorne.gov.uk 6/26/2024 3:05:00 PM
Corporate priorities	Environment
Risk owner	Admin
	Lee O'Neil
	Terry Collier
	Daniel Mouawad
Lead officer	Sandy Muirhead

Risk description

- Where integration into wider Council decision-making is not evident this reduces the effectiveness of holistic approaches in delivering Spelthorne's strategy

Current control actions
These are specific actions to reduce the likelihood of a risk event or occurrence

- All Committee reports include a section on Sustainability and Climate Change considerations which should be reflected upon by report authors to identify both positive and adverse impact of proposals being put forward by Officers requiring a Member decision.

- Through carbon literacy training of staff and the climate change and sustainability officers working with services across the Council, climate change is becoming embedded in service delivery.

Current mitigating actions
These are specific actions to reduce the impact of a risk event should it occur

- Through Carbon literacy training in the organisation achieved bronze level and by autumn 2024 should have achieved silver.

- Through ongoing monitoring of climate change strategy and corporate plan actions can ensure climate change mitigation and adaptation is incorporated into day to day Council projects/activities.

Future actions

	Type	Timeline	Description	Status	Comments
•	Mitigation	December 2024	Mandatory Carbon literacy training programme underway across the Council	In Progress	

APPENDIX A Corporate Risk Register - Spelthorne Borough Council

Risk category	6 - Climate Change
Risk subject area	Targets for Climate Change

9

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Last review by	l.o'neil@spelthorne.gov.uk 6/26/2024 3:05:53 PM
Corporate priorities	Environment
Risk owner	Admin Lee O'Neil Terry Collier Daniel Mouawad
Lead officer	Sandy Muirhead

Risk description

- Inadequate mechanisms for monitoring and reporting on status provides limited insight regarding keeping on track in pursuing net zero carbon emissions and wider government reporting requirements.

Current control actions
These are specific actions to reduce the likelihood of a risk event or occurrence

- A Climate Change Working group made up of a cross party group of elected Members to focus on monitoring of actions towards carbon neutrality and initial assessment of ideas.

- Officer updates to Members on the progress of the Climate Change Action Plan.

- Annual Reporting of Carbon Emissions to Surrey County Council

- Quarterly KPI reporting

Current mitigating actions
These are specific actions to reduce the impact of a risk event should it occur

- Benchmarking and/or analysis of comparative energy savings achieved across Surrey Districts and boroughs

- Ensure delivery of corporate plan actions to assist in mitigating climate change and reducing the Council's carbon emissions

Future actions

	Type	Timeline	Description	Status	Comments
•	Control	March 2025	Environmental Social Governance (ESG) assessment underway to develop future strategies for reporting requirements on climate change	In Progress	

Risk category	7 - Corporate Capacity, Resources , Recruitment and Retention
Risk subject area	Corporate capacity

9

<9   **9>**

Last review by	l.o'neil@spelthorne.gov.uk 6/26/2024 3:06:42 PM
Corporate priorities	Resilience, Services
Risk owner	Admin Lee O'Neil Terry Collier Daniel Mouawad
Lead officer	Sandy Muirhead

Risk description

- Overstretched capacity could lead to increased staff fatigue / burnout / sickness levels arising. This may impact further on employee stress levels and mental / physical wellbeing, which may also lead to reductions in expected service delivery.

Current control actions
These are specific actions to reduce the likelihood of a risk event or occurrence

- Management to address workload issues across teams, with continued prioritisation of tasks

- Corporate performance management systems operating across various levels, intended to promote golden thread and support delivery of corporate priorities and objectives.

- Annual Service Planning should refer to capacity pressures being experienced/foreseen by Service Managers/Group Heads (under risks section), so that any remedial action can be proposed and discussed

- Collaborative Working Group promoting partnerships and alternative service models with a view to supporting organisational resilience measures

Current mitigating actions
These are specific actions to reduce the impact of a risk event should it occur

- Various support systems operating in promoting and supporting staff wellbeing

- Corporate performance management systems operating across various levels, intended to promote golden thread and support delivery of corporate priorities and objectives.

- Management and HR monitoring of sickness absence levels related to stress or overstretched capacity provides corporate insight that could indicate any further remedial action required

- Participated in an LGA review of 2022 which raised findings regarding working Culture

- Corporate Establishment Review undertaken with some further actions identified/ pursued. This also overlaps with the other risks in this category relating to recruitment and retention

Future actions					
Type	Timeline	Description	Status	Comments
• Control	Ongoing	Demand Management and developing approaches to measure and monitor demand levels across the Council but need to recognise that demand management is not always easy due to for example extra people presenting as homeless putting more demand on housing staff or extra Government requirements e.g productivity plans	Outstanding	All managers try to provide some balance in terms of staff workload but there often demand factors which arise from external sources and may be difficult to predict

Risk category	7 - Corporate Capacity, Resources , Recruitment and Retention
Risk subject area	Recruitment and retention

8

<8   9>

Last review by	l.o'neil@spelthorne.gov.uk 6/26/2024 3:07:20 PM
Corporate priorities	Community, Addressing Housing Need, Resilience, Environment, Services
Risk owner	Admin
	Lee O'Neil
	Terry Collier
	Daniel Mouawad
Lead officer	Sandy Muirhead

Risk description

- Unsuccessful recruitment and ongoing unfilled vacancies in a challenging and competitive labour market leads to reduced availability of technical skills and relevant expertise is spread more thinly across Services. Staff shortages further exacerbate workload pressures across teams. The consequences of this risk are set out earlier under corporate capacity.

- Ineffective or inappropriate recruitment exacerbated by the skill shortages within the local government market could result in appointments that fail to effectively meet business need leading to reduced service quality and/or periods of ongoing vacancies.

Current control actions
These are specific actions to reduce the likelihood of a risk event or occurrence

- Several measures have been underway for some time and previously reported. These relate to HR policies, financial enhancements for hard to fill posts, development and upskilling opportunities,schemes to support staff wellbeing, hybrid working patterns and felxible working arrangements to attract and incentivise staff to modern working practices, staff pay reviews, HR professional networking forums with a view to applying best practice learnt.

- Staff and member feedback including commissioniong annual surveys to ascertain key concerns,issues and promote continuous improvement measures

Current mitigating actions
These are specific actions to reduce the impact of a risk event should it occur

- Where recruitment into posts is not possible appointed interims or agency staff to ensure continuity in the services and enable continued delivery of the service concerned.

Future actions

	Type	Timeline	Description	Status	Comments
•	Mitigation	Ongoing	To continue to advertise in all service relevant journals to	In Progress	

			ensure maximise opportunities for those seeking roles to see them.		
•	Mitigation	Ongoing	Continue to explore new and innovative recruitment and retention strategies in a competitive market. This includes workplace flexibility	In Progress	
•	Mitigation	Ongoing	Continue to draw optimal value from all relevant hubs of expertise including externally conducted research in continuing to facilitate and promote a holistic approach to responding to recruitment and retention challenges and future-proofing the Council's workforce.	In Progress	Recruitment team and officers are looking at al options for advertising roles but also including opportunities to appoint apprentices and train from within

Risk category	8 - Equality, Diversity and Inclusivity
Risk subject area	Legislative requirements

6

<6   6>

Last review by	l.o'neil@spelthorne.gov.uk 6/26/2024 3:08:03 PM
Corporate priorities	Addressing Housing Need, Resilience, Environment, Services
Risk owner	Admin Lee O'Neil Terry Collier Daniel Mouawad
Lead officer	Sandy Muirhead

Risk description

- If there is a failure to effectively adhere to the Equality Act (2010), this could lead to workplace practices and delivery of services that fail to incorporate necessary principles, standards and requirements in promoting equal opportunities, diversity and inclusivity. This may increase risks of discriminatory practices and consequentially, the Council could be subject to complaints or even claims resulting in reputational damage.

Current control actions
These are specific actions to reduce the likelihood of a risk event or occurrence

- Training mechanisms to raise awareness and understanding such as the online Workrite module.

- All Committee reports include a section on Equality, Diversity and Inclusivity considerations to ensure this area is embedded into Council decision making . It should be carefully reflected upon by report authors to identify any implications and whether there is any specific impact for proposals being put forward requiring a Member decision.

Current mitigating actions
These are specific actions to reduce the impact of a risk event should it occur

- Equality Impact Assessments are completed as a requirement on initiation of new projects and strategies.

Future actions

	Type	Timeline	Description	Status	Comments
•	Control	March 2025	This action is subject to resource allocation. Assign a lead Officer to support production of an Equality, Diversity, and Inclusivity Strategy for the Council. This will provide a more robust structured approach in delivering and embedding essential, principles, standards, and requirements in	In Progress	Due to constrained resources a long lead time is required

promoting equal opportunities, diversity, and inclusivity. To develop further internal activities and strategy/policy development an officer has been assigned to undertake this task in human resources.

Risk category	8 - Equality, Diversity and Inclusivity
Risk subject area	Coordinated approach

6

<6   6>

Last review by	l.o'neil@spelthorne.gov.uk 6/26/2024 3:09:17 PM
Corporate priorities	Community, Addressing Housing Need, Resilience, Environment
Risk owner	Admin Lee O'Neil Terry Collier Daniel Mouawad
Lead officer	Sandy Muirhead

Risk description

- If there is insufficient resource, skills or expertise to develop, promote and support implementation of E, D & I standards, progress in driving change and positive impact through a structured and coordinated approach may be limited.

Current control actions
These are specific actions to reduce the likelihood of a risk event or occurrence

- Communications and engagement with staff, Members and the public to recognize and celebrate diversity

- Champions (Staff reps) to explore further positive approaches relating to E, D & I. Inclusivity Working Group meets regularly

- Corporate Values – (PROVIDE) are incorporated into the Council's equality and diversity objectives together with an internal equality and diversity policy.

- An Equality, Diversity and Inclusivity 'Statement of Intent' document has been reported.

- Internal and external websites have been updated with Equality and Diversity policy and statement published.

Current mitigating actions
These are specific actions to reduce the impact of a risk event should it occur

- Participated in Race Equality Week (Feb 2024) and promoted important messages to all staff

- Ensure "celebrate" key events for example PRIDE month and ensure raised at staff meetings (including relevant presentations on relevant subjects) and flag raised along with further communications.

Future actions

Type	Timeline	Description	Status	Comments

• Control	December 2024	(This action is subject to resource allocation). Assign a lead Officer to support production of an Equality, Diversity, and Inclusivity Strategy for the Council. This will provide a more robust structured approach in delivering and embedding essential, principles, standards, and requirements in promoting equal opportunities, diversity, and inclusivity.	In Progress

Risk category	9 - Working arrangements across LG tiers
Risk subject area	Change Management

9

<9   9>

Last review by	l.o'neil@spelthorne.gov.uk 6/20/2024 5:00:00 PM
Corporate priorities	Community, Addressing Housing Need, Resilience, Environment, Services
Risk owner	Admin Lee O'Neil Terry Collier Daniel Mouawad
Lead officer	Heather Morgan

Risk description

- If there is a lack of clarity or unified understanding around the wide-reaching implications of a County Deal this could make the task of planning, managing, communicating and implementing change challenging.

- Need to consider how to prioritise work on the County Deal/possible collaborative working opportunities alongside need to deliver efficiency savings for the MTFS to ensure the organisation is very clear on focusing on where most benefits can be obtained

Current control actions
These are specific actions to reduce the likelihood of a risk event or occurrence

- Ensure the appropriate level of resource is put in place and time is freed up from other parts of the organisation involved in the change management process if no additional financial or staff resources are available (this will require decision on what else not to do/deliver in another way on a temporary basis/apply a risk based approach to work)

- Ensure there is capacity and appropriately skilled staff are available, or skills are developed, to work effectively where the strategy of engagement and collaborative working has been agreed - to ensure that we are equal partners on any joint service delivery

Current mitigating actions
These are specific actions to reduce the impact of a risk event should it occur

- To ensure that any decisions made on engagement/joint service delivery/moving services up to County meets our priorities they need to align with the Corporate Plan 2024 - 2028, our values and priorities

Future actions

	Type	Timeline	Description	Status	Comments
•	Mitigation	July 2024	Planning for potential change and ascertaining transitional and future arrangements for service delivery, decision making and strategic direction.	In Progress	work has bene undertaken to look at a number of areas identified within the KPMG report from a few years ago which identified a number of opportunities

for closer collaboration to deliver savings, joined up services, or greater resilience. These include parking services, building control, waste and recycling. Initial options analysis has been undertaken at officer level for consideration at the Collaborative Working Task Group

Risk category	9 - Working arrangements across LG tiers
Risk subject area	Strategic decisions

9

<9   9>

Last review by	l.o'neil@spelthorne.gov.uk 6/20/2024 5:00:00 PM
Corporate priorities	Community, Addressing Housing Need, Resilience, Environment, Services
Risk owner	Admin Lee O'Neil Terry Collier Daniel Mouawad
Lead officer	Heather Morgan

Risk description

- The current governance structure at Surrey presents limited opportunities for Spelthorne to influence future shaping and direction within the wider Surrey landscape. This could lead to strategic decisions being made that may not be in the best interests of Spelthorne's residents and local communities. Surrey are not currently looking to change the governance structure (May 2024)

Current control actions
These are specific actions to reduce the likelihood of a risk event or occurrence

- Look to influence the governance structure of the Growth Board by increasing Local Authority representation (currently one Leader and one Chief Executive) to sit at the decision making table, and ensure that our views are clearly understood by those represented and clearly relayed (via our Leader and Chief Executive)

- Look to influence the governance and representation at the Surrey Business Leadership Forum to ensure that our business voice is heard on future decision making around the economy (and the functions which Surrey will take over from the Enterprise M3 Local Economic Partnership)

- The Council needs to have a clear view on its priorities for collaboration (or not) so that business cases can be developed to help inform future service delivery and the resources which are required to deliver. This can then feed into the medium term financial strategy

- Ensure that there is early and wide engagement with all councillors in the autumn 2024 so there is a clear view from them in terms of 'red lines' - e.g. what the Council needs to deliver locally and we do not engage with Surrey on, where we can work to deliver improved outcomes for our communities

Current mitigating actions
These are specific actions to reduce the impact of a risk event should it occur

- Leader and Chief Executive to actively engage with adjoining authorities to fully understand common approaches to levels of engagement with Surrey, and opportunities for sharign resources

Future actions

Type	Timeline	Description	Status	Comments

• Mitigation	July 2024	Planning for potential change and ascertaining transitional and future arrangements for service delivery, decision making and strategic direction.	In Progress	Leader is in active discussion with Leaders at nearby Councils where there could be collaboration opportunities - this will set the strategic direction of travel (May 2024)
• Control	June 2024	Develop a terms of reference and set aside resources for a specific councillor/officer working group to work together to spearhead the Councils approach and response to the County Deal	In Progress	Collaborative Working Task Group is being refreshed (senior cllrs and officers). Officer leads working on individual areas are working with colleagues in other D&B's

Risk Scoring Matrix (Plotted March 2024 for current RAG rating and current risk score in consultation with Officers)

This is the matrix that forms part of the risk management policy. We currently assess the level of each risk category by plotting them on this matrix to provide a traffic light RAG rating. We also determine a numerical risk score by multiplying likelihood and impact scores. Please also refer to the next page for further detail on the approach and criteria applied.

When assessing the Council's risks in terms of likelihood and impact, we take into account the national and global picture for wider externalities such as the macroeconomic environment and geopolitical factors. Spelthorne's operations remain influenced by these external challenges and pressures, as is the case for other Councils. Due to these externalities, there are many activities that the Council cannot directly control/mitigate, or influence and continued recognition is important. **Red** risks require prompt, planned management action **Amber** risks require planned management action **Green** risks are accepted risks. RC = Risk category on the detailed register e.g., RC2 = Risk Category 2 – Economy. This is also referred to on the matrix for ease of reference.

The numbers in the risk matrix above represent the total number of risk items within that level of risk. Click on the number for details of which risks are affected.

Category and Subject area

- ☐ **1a - Housing – Development and Targets**
  - 43 Alternative Development delivery options
  - 44 Timelines for delivery
  - 45 Local Plan
  - 52 Housing Development Programme
- ☐ **1b - Housing – Affordable**
  - 48 Housing Supply and Demand
  - 78 Housing provision and addressing need
- ☐ **2 - Economy**
  - 49 Long Term uncertainty of macroeconmic environment
  - 50 Cost of doing Business crisis
- ☐ **3 - Financial Resilience and Commercial Assets**
  - 51 Commercial investment portfolio
- ☐ **4 - Financial Resilence and Supporting Communities**
  - 53 Financial Pressures - increased costs
  - 58 Restricted borrowing levels
  - 61 Financial Pressures - Cost of Living Crisis and increased demand on Council Services
- ☐ **5 - Treasury Management**
  - 74 Return on Investments
  - 75 Borrowing
- ☐ **6 - Climate Change**
  - 62 Climate Change threat and impact
  - 63 Responding and adapting to Climate Change
  - 64 Integration into decision making
  - 65 Targets for Climate Change
- ☐ **7 - Corporate Capacity, Resources , Recruitment and Retention**
  - 66 Corporate capacity
  - 67 Recruitment and retention

How risks are scored:

We assess and score risks, with their current controls and current mitigations in place, for likelihood and impact as shown below:

Score	Impact	Likelihood (over 4 years or timescale deemed appropriate)
1	Trivial	Rare (once)
2	Medium	Unlikely (a few times / less than annual)
3	Major	Likely (several times / more than annual
4	Catastrophic	Almost certain (many times a year)

Impact can be measured in many ways and will be specific to what you are assessing, but the most common are on objectives, finance, and reputation. We then plot the risk on the risk matrix model shown on the prior page to provide a RAG rating, to determine and prioritise the most significant risks for action. The risk action plan (refer to separate document) sets out how the authority is working towards further addressing and mitigating the risks.

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