

Strategic Risks August 2019

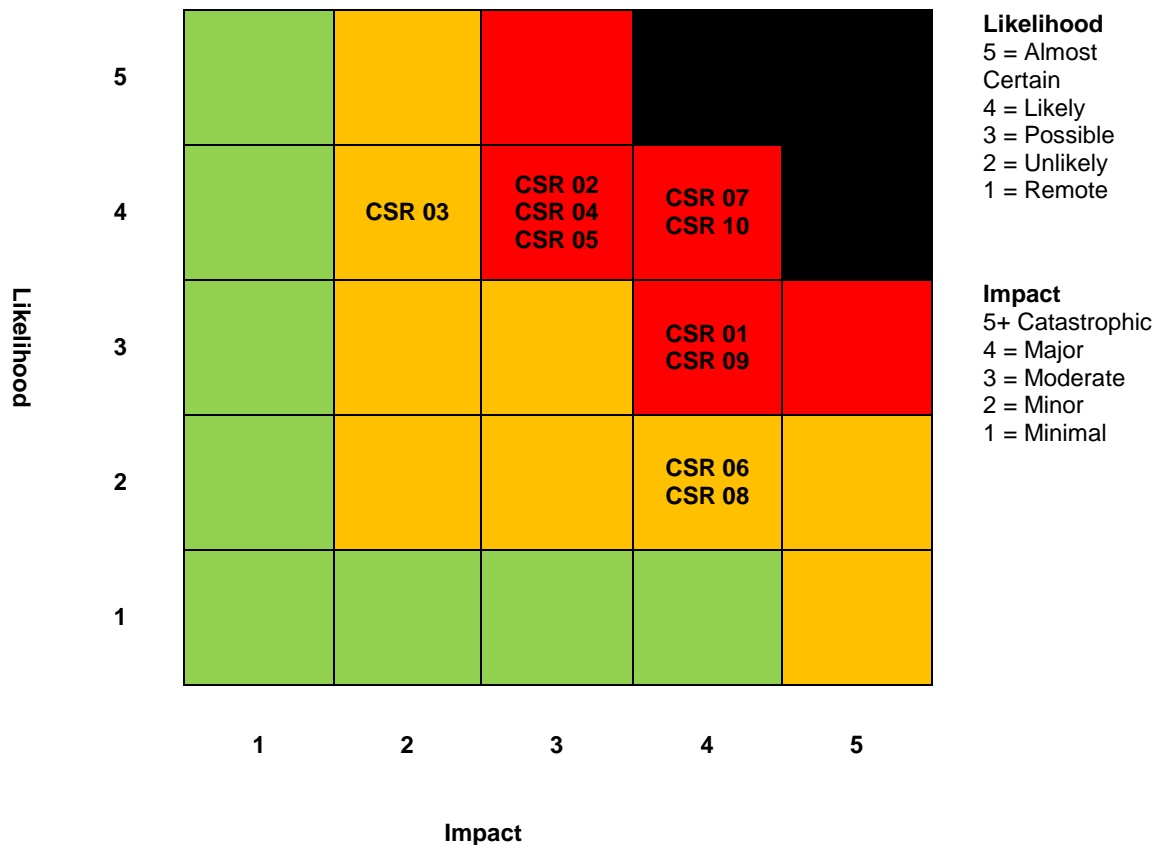
The Strategic Risk Profile chart below shows each risk scored onto the risk matrix graph. The further towards the top right hand corner the greater the risk to the Council. The chart below provides only a snapshot on a particular date.

The risk scenarios are:

- CSR01: Cyber attack / incident
- CSR02: Economic development and vitality
- CSR03: Contract management and delivery
- CSR04: Unable to plan financially over the longer term
- CSR05: National policy changes in short term that negatively impact TWBC
- CSR06: Service Interruption
- CSR07: Capacity fails to keep pace with ambitions
- CSR08: Local plan adoption – housing
- CSR09: The Amelia at the Amelia Scott
- CSR10: Calverley Square

Tunbridge Wells Borough Council Strategic Risk Profile August 2019

August 2019



The table below tracks movement in the identified strategic risk areas.

Risk Ref	Title	March 2019	June 2019	August 2019	Trend
CSR 01	Cyber attack/ incident	NA	New risk - 12 (3 x Lk, 4 x Im)	New risk - 12 (3 x Lk, 4 x Im)	↔
CSR 02	Economic development and vitality	15 (5 x Lk, 3 x Im)	9 (3 x Lk, 3 x Im)	12 (4 x Lk, 3 x Im)	↔
CSR 03	Contract management and delivery	NA	New risk - 8 (4 x Lk, 2 x Im)	New risk - 8 (4 x Lk, 2 x Im)	↔
CSR 04	Unable to plan financially over the longer term.	9 (3 x Lk, 3 x Im)	9 (3 x Lk, 3 x Im)	12 (4 x Lk, 3 x Im)	↔
CSR 05	National policy changes in short term impact negatively on TWBC and direction.	18 (6 x Lk, 3 x Im)	12 (4 x Lk, 3 x Im)	12 (4 x Lk, 3 x Im)	↓
CSR 06	Service Interruption	12 (4 x Lk, 3 x Im)	8 (2 x Lk, 4 x Im)	8 (2 x Lk, 4 x Im)	↓
CSR 07	Capacity fails to keep pace with ambitions	15 (5 x Lk, 3 x Im)	16 (4 x Lk, 4 x Im)	16 (4 x Lk, 4 x Im)	↔
CSR 08	Local plan adoption - housing	12 (4 x Lk, 3 x Im)	8 (2 x Lk, 4 x Im)	8 (2 x Lk, 4 x Im)	↓
CSR 09	The Amelia at the Amelia Scott	NA	New risk - 12 (3 x Lk, 4 x Im)	New risk - 12 (3 x Lk, 4 x Im)	↔
CSR 10	Calverley Square.	15 (5 x Lk, 3 x Im)	12 (3 x Lk, 4 x Im)	16 (4 x Lk, 4 x Im)	↔

Risk Scenario 1: Cyber attack / incident

Risk Description:		Current Likelihood/ Impact	Possible (3) /Major (4)
A successful cyber-attack or cyber incident which causes significant disruption to ability to deliver services		Target Likelihood/ Impact	Unlikely (2) / Minor (2)
Member Risk Owner	Cllr Dawlings	Officer Risk Owner	Chris Woodward
Vulnerability/ Contributing factors		Potential Impact/ Consequences	Current Controls/ Mitigations in place/Actions
<ul style="list-style-type: none"> • Increased threat from cyber security attacks • Ever increasing reliance on digital systems for virtually all Council activities and services • Data increasingly held in electronic format, not on hard copy paper records • Robustness of IT Disaster recovery arrangements 		<ul style="list-style-type: none"> • Systems offline for a period of time • Loss of data • Impacting on the ability of Tunbridge to deliver services • Service disruption/failure • Dissatisfied customers – not meeting customer expectations • Data compromised / lost • Safeguarding and data protection issues • Financial impact –potential fine and cost of rectifying 	<ul style="list-style-type: none"> • Designation of a Senior Information Risk Officer • Public Service Network accreditation • Payment Card Industry Data Security Standards (PCI DSS) compliance • Support from the National Centre for Cyber Security (part of GCHQ) • Business Continuity Plan

Risk Scenario 2: Economic development and vitality

Risk Description:		Current Likelihood/Impact	Likely (4) / Moderate (3)
Tunbridge Wells not seen as a destination of choice for retailers / consumers / employers		Target Likelihood/ Impact	Unlikely (2) / Minor (2)
Member Risk Owner	Cllr March	Officer Risk Owner	David Candlin
Vulnerability/ Contributing factors		Potential Impact/ Consequences	Current Controls/ Mitigations in place/ Actions
<ul style="list-style-type: none"> • There are economic opportunities but other areas are also chasing these. • Changing nature of high street – shift to online and ‘experience’ • The local economic offer and reputation is strong and improving with latent demand, particularly in retail and ‘in town’ while the Council has developed wider Borough opportunities, e.g. North Farm. • Redevelopment of RVP to provide an improved offer. • There are issues around cost of housing and infrastructure, particularly traffic congestion which could affect ability to make the most of opportunities. • The implications of Brexit have the potential to have a significant impact on the local economy 		<ul style="list-style-type: none"> • Lose out to other areas • Unable to secure sufficient opportunities • Local area and people lose out • Insufficient inward investment • Potential for local contagion – knock on effect • Impact on economic vitality of area • Curtails attractiveness • Impact on revenue streams and income (inc. business rates and car parking) • Housing not built • More vulnerable to appeal around Local Plan • Impact on staff recruitment and retention • Damage to reputation as a place for investment 	<ul style="list-style-type: none"> • Secure KMEP and SELEP support for delivery of key infrastructure improvements • Maintain and develop working relationships with key partners, landowners & developers • Royal Tunbridge Wells Together Business Improvement District in place. • Ensure Local Plan and Transport Strategy address economic & transport issues • Professional advice secured to establish viability of transport schemes • Monitor Brexit negotiations and terms impacting on the local economy and business sectors in the Borough • Lobby with partners and stakeholders (including SELEP) to minimise negative impact of Brexit terms • Development programme and support for community facilities in the rural towns • Work with West Kent partners to promote key priorities

Risk Scenario 3: Contract management and delivery

Risk Description:		Current Likelihood/Impact	Likely (4) / Minor (2)
Council unable to source contractor to deliver service within financial parameters / existing provider ceases to provide service		Target Likelihood/ Impact	Unlikely (2) / Minor (2)
Member Risk Owner	Cllr March	Officer Risk Owner	Gary Stevenson
Vulnerability/ Contributing factors		Potential Impact/ Consequences	Current Controls/ Mitigations in place/ Actions
<ul style="list-style-type: none"> The Council has several long term external contracts which are due to tender within the near future, specifically Grounds Maintenance (2019/20) and Sports Centres (2021/22). There are long-term financial parameters within which these contracts need to be let and delivered to. The Council is accountable and has responsibility for delivery of these services, even where they are delivered with or through 3rd party organisations. 		<ul style="list-style-type: none"> Services disrupted or below agreed standards Complaints Adverse publicity and media Potential for Contractor withdrawal or failure Potential service failure Disruption to services with business continuity arrangements required Required to re-tender at short notice Additional capacity and resources required at short notice Knock on implications on other activities 	<ul style="list-style-type: none"> Contract supervision by TWBC Contract terms requiring contractor to evidence supervision and performance Reporting of performance and service Overview and Scrutiny Task and Finish Group established to assist in the development of the Grounds Maintenance contract and specification

Risk Scenario 4: Unable to plan financially over the longer term

Risk Description:		Current Likelihood/Impact	Possible (4) / Moderate (3)
Longer term financial planning – risk of change adverse to plan of more than £1m across the medium term		Target Likelihood/ Impact	Possible (3) / Moderate (3)
Member Risk Owner	Cllr Dawlings	Officer Risk Owner	Lee Colyer
Vulnerability/ Contributing factors		Potential Impact/ Consequences	Current Controls/ Mitigations in place/ Actions
<ul style="list-style-type: none"> Core Government funding has reduced significantly in favour of incentive based schemes reliant on growth. The four-year settlement ends on 31 March 2020 and has resulted in all Revenue Support Grant (£1.6 million) disappearing. The spending review (SR2019) will not take place and the government has said there will instead be a one year spending review to be published in the Autumn. The New Homes Bonus scheme has been significantly diluted with the first 150 homes not being eligible. The Infrastructure Bill transferred the statutory responsibility for Land Charges to the Land Registry. This will substantially reduce the Council's income and write-off the investment in technology and performance in this area. As part of the 2018/19 settlement the Secretary of State announced that business rates retention would move from 50 per cent to 75 per cent in 2020/21. The Government is still committed to delivering 100 per cent when Parliamentary time is available. 		<ul style="list-style-type: none"> Impact on services Reduction in ambition Reactive decision-making and budgeting rather than planning Impact on capital programme and major projects Short term perspective reinforced Central control of fees, burdens the Council Tax payer rather than the user of the service Impact on decisions Unpredictability and trust Resources and staffing reduced or redeployed Impact on staff retention Impact on partnership working 	<ul style="list-style-type: none"> Revenue budget balanced without the use of general reserves. MTFS has manageable deficits. 'User Pays' principle to recover costs where allowable. The Council has accepted the four year funding offer. The Fair Funding Review will be delayed along with the SR19. This is required to inform the allocation of resources for each council by the Government from April 2020. It is now likely that the government will roll-over the existing method of funding local government. Government has provided more flexibility surrounding Council Tax income but this is less than for Parish Councils. Proceeds of business rate growth are now being consistently received. The Council is part of the Kent business rate pool for 2019/20.

Risk Scenario 5: National policy changes in short term that impact negatively on TWBC

Risk Description:		Current Likelihood/Impact	Likely (4) / Moderate (3)
Significant legislative or decision making change adverse to plan and objectives with little notice		Target Likelihood/ Impact	Possible (3) / Minor (2)
Member Risk Owner	Cllr McDermott	Officer Risk Owner	William Benson
Vulnerability/ Contributing factors		Potential Impact/ Consequences	Current Controls/ Mitigations in place/ Actions
<ul style="list-style-type: none"> The past few years have been characterised by significant changes to the public sector environment and the regulations that govern it. More recently, the ongoing uncertainty over Brexit continues to absorb nearly the total bandwidth of central government with very little attention being given to other issues meaning that promised changes to areas such as adult social care, local government finance and business rate retention have not been delivered. The change in Prime Minister and Secretary of State mean that there is further uncertainty for Local Government with initial statements suggesting that local government is not a priority area for government. It is clear that the planned changes to local government finance will not be delivered by April 2020 and an interim spending review is due. 		<ul style="list-style-type: none"> Unpredictable and frequent changes required to Council operations and policy/ funding assumptions Significant work required to respond and address any gaps Increased and unplanned requirement for resources and finances Funding streams increasingly short-term and addressing specific issues (with labour-intensive and drawn-out application processes – e.g. Future High Streets Fund) Increased costs/reduced income Lack of certainty on policy direction and finance 	<ul style="list-style-type: none"> Flexibility encouraged amongst staff Partnership working presents opportunities to collaborate on service delivery and address constraints on capacity Engagement with the LGA, central government and parish councils Work with Kent County Council and the Kent Resilience Forum on Brexit Proactive work with representative bodies Working with others to seize opportunities as they arise (e.g. Business Rate pilots)

Risk Scenario 6: Service Interruption

Risk Description:		Current Likelihood/Impact	Unlikely (2) / Major (4)
A major incident occurs which causes significant disruption to ability to deliver services		Target Likelihood/ Impact	Unlikely (2) / Minor (2)
Member Risk Owner	Cllr McDermott	Officer Risk Owner	Denise Haylett
Vulnerability/ Contributing factors		Potential Impact/ Consequences	Current Controls/ Mitigations in place/ Actions
<ul style="list-style-type: none"> Increased frequency of extreme weather Increased threats from terrorism Fire and other major events Robustness and relevance of business continuity and emergency planning arrangements in an ever changing threat environment 		<ul style="list-style-type: none"> Interruption to critical services Potential service failure Staff being pulled in different directions Robustness of arrangements potentially questioned / challenged Claims/Legal action/Compensation Adverse publicity National and local reputation affected Financial loss Exposure to fraud, ransom and denial of service Potential government intervention 	<ul style="list-style-type: none"> Business Continuity Plan Major Emergency Plan Resilience through partnership working Part of the Multi-Agency Agreement Member of the Kent Resilience Forum Review of Emergency Planning arrangements

Risk Scenario 7: Capacity fails to keep pace with ambition

Risk Description:		Current Likelihood/Impact	Likely (4) / Major (4)
Risk that capacity fails to keep pace with ambition		Target Likelihood/ Impact	Unlikely (2) / Minor (2)
Member Risk Owner	Cllr McDermott	Officer Risk Owner	William Benson
Vulnerability/ Contributing factors		Potential Impact/ Consequences	Current Controls/ Mitigations in place/ Actions
<ul style="list-style-type: none"> The Council has reduced staff numbers and resources but is more ambitious with more priorities and is seeking to do more than before. The local community is vocal, demanding and articulate with significant expectations. Significant agenda ongoing including major capital programme Reliance on a number of key people and teams across Members and Officers. Single points of failure around specialisms, expertise and leadership 		<ul style="list-style-type: none"> Personal impacts – stress, burnout, loss of wellbeing Impact on morale Reliance on key and fewer people Unavailability / loss of key staff Impact on key projects and / or day to day delivery Services/staff are stretched Impact on service quality Satisfaction diminished Major programme / projects not delivered as expected Adverse publicity Political impact Damage to reputation Lack of confidence 	<ul style="list-style-type: none"> Reduced number of priorities in strategic plan Regular consideration by Management Board of resources; additional resources put in place to support priorities (including additional resources to support the Council's property section) Introduction of a Programme Management Office to oversee priority projects Appropriate use of external capacity and expertise Performance monitoring helps to identify pressure points Regular sickness monitoring Quarterly analysis and reporting of complaints identifying any trends Improving resilience through partnerships Adopting an 'enabling' approach to encourage community to deliver local services Review of the Council's salary benchmarking to ensure that we remain attractive to the local employment market.

Risk Scenario 8: Local Plan adoption – housing

Risk Description:		Current Likelihood/Impact	Unlikely (2) / Major (4)
Local Plan not adopted effectively and housing not delivered in right areas / types		Target Likelihood/ Impact	Remote (1) / Minimal (1)
Member Risk Owner	Cllr McDermott	Officer Risk Owner	Stephen Baughen
Vulnerability/ Contributing factors		Potential Impact/ Consequences	Current Controls/ Mitigations in place/ Action
<ul style="list-style-type: none"> • There has been a change in housing formula towards growth. There is resistance to housing growth locally with a difference between housing target and housing supply levels • Having to meet significantly increased needs in a constrained environment (green belt / AONB / flooding / transport infrastructure) • Reliance on developers • Potential to be out of compliance on Local Plan • The risk of appeals has increased • Likelihood of public opposition to particular allocated sites 		<ul style="list-style-type: none"> • Council lose control of situation • Increase in level of housing on unallocated greenfield sites • Member and community dissatisfaction • Legal consequences • Lack of affordable housing • Affordability gap gets worse • Impact on staff recruitment and retention • Increased traffic congestion • Impact on infrastructure • Financial benefit of planned growth – opportunity impact • Significant new costs to support production of new Local Plan if rejected by an Inspector at Examination. • Potential significant appeal related costs following refusal of major residential development • Planning by appeal potentially leading to loss of local decision making • Potential legal fees/officer costs/loss of section 106 • Service delivery affected • Adversely affects the community • Increased homelessness 	<ul style="list-style-type: none"> • Work on a new Local Plan is progressing to a further revised timescale. • Frequent meetings and on-going communication with Parish and Town Councils (PC/TCs). • Regular reporting to Planning Policy Working Group/Cabinet member/ Planning Committee on risk and legislative changes • Consultation completed on Issues and Options document for new Local Plan • Two Call for sites exercises attracted more than 400 land/site submissions for assessment. • Initial assessment conclusions indicate that level of identified need can be met by combination of current supply, additional allocations and windfall provision. Broad additional allocations already discussed with PC/TCs and Neighbourhood Plan groups and included in draft of new Local Plan. • Proposed draft of new Local Plan due for consultation in autumn (September-November) 2019.

Risk Scenario 9: The Amelia at the Amelia Scott

Risk Description:		Current Likelihood/Impact	Possible (3) / Major (4)
The project not delivered to plan, budget and benefits		Target Likelihood/ Impact	Remote (1) / Minimal (1)
Member Risk Owner	Cllr March	Officer Risk Owner	Paul Taylor
Vulnerability/ Contributing factors		Potential Impact/ Consequences	Current Controls/ Mitigations in place/ Actions
<ul style="list-style-type: none"> Delivering an integrated service that meets the aspirations of all stakeholders eg. KCC, TWBC, HLF, Arts Council Success of the project is dependent on reaching a wider demographic TWBC is currently 'carrying the financial risk' on this Economic Climate Internal capacity to deliver Non-delivery of funding strategy 		<ul style="list-style-type: none"> Time delay and cost overrun Potentially loss of funding from HLF/Arts Council Reputational impacts Relationship issue with TWBC and KCC Impact of front-line service delivery 	<ul style="list-style-type: none"> Project Board Detailed funding strategy and team appointed to raise funding for it Main contractor appointment through a framework of contractors with skills to deliver the build Project management in place Detailed risk logs Regular reporting to HLF and Arts Council TWBC Programme Board Cabinet reporting

Risk Scenario 10: Calverley Square

Risk Description:		Current Likelihood/Impact	Likely (4) / Major (4)
Calverley Square programme not delivered to plan, budget and benefits		Target Likelihood/ Impact	Unlikely (2) / Minor (2)
Member Risk Owner	Cllr Scott	Officer Risk Owner	David Candlin
Vulnerability/ Contributing factors		Potential Impact/ Consequences	Current Controls/ Mitigations in place/ Actions
<ul style="list-style-type: none"> • The Calverley Square development being led by the Council brings additional financial and property risks. • Lack of political support to deliver the scheme • Site Assembly • Legal Challenge to CPO process • Economic Climate • Internal capacity to deliver • No tenant for Office space • Non-delivery of funding strategy • Value and disposal of the current Civic Complex 		<ul style="list-style-type: none"> • Impact on revenue streams and income • Resources and staffing reduced or redeployed • Impact on decisions • Time delay and cost overrun • Inability to provide services • Damage to reputation • Impacts on ability to deliver 'modern ways of working' • Insufficient professional expertise • Procurement and issues of delay • Failure to deliver the scheme will require significant human, revenue and capital resources to work up an alternative scheme to deal with the issues being faced by the Town Hall and Assembly Hall 	<ul style="list-style-type: none"> • Staged approvals for development progress to manage cost exposure and risk • Appointment of additional property professional staff to enhance in-house experience • Appointment of additional legal advice to enhance in-house experience • Appointment of Mace as construction contractor on two Stage design and build • Specific risk logs developed for each workstream and monitored by DAP and officer groups including Calverley Square Steering Board • Calverley Square Steering Board established to oversee and monitor progress on the Calverley Square workstreams • Officer Groups for the Calverley Square development established to manage and deliver the workstreams • Detailed financial funding strategy • MTFS has manageable deficits • CPO Inquiry confirmed the Compelling Case