

Finance and Budgetary Risk Register

Ref	Risk Categories	Risk description	Cause	Consequence	Response	ORIGINAL RISK ASSESSMENT			Action agreed to respond / mitigate / control	Status	Date raised	Raised by	Risk Owner	CURRENT RISK ASSESSMENT			Action Taken
						Likelihood 1-4	Severity 1-4	Risk Score						Likelihood 1-4	Severity 1-4	Risk Score	
Corp 7		Council budget is not sufficient to undertake all services and projects desired / required	Inflation, inaccurate calculation of fees and changes, ambition for projects outstrips budget, business cases fail to adequately capture financial risks, reduced funding	Council general balances fall below the risk assessed level and the Council is unable to deliver commitments set out in the Corporate Delivery Plan.	Treat	3	4	12	Action taken to mitigate overspend in the current year and a robust budget planning process that captures pressures, savings and prioritisation of resources including within the capital programme.	Open	05/07/21	Hannah Doney, Chief Finance Officer	Hannah Doney, Chief Finance Officer	3	4	12	The budget and MTFS proposed to Council on 30 January sets a balanced budget for 2024/25 and a clear strategy for bringing the budget into balance across the MTFS.
7		Revenue balances insufficient to meet estimate pay award increases	Negotiated pay award is higher than budgeted	In year and MTFS budget pressure	Treat	3	4	12	The medium term planning period takes into account the pay increases for the period - The Council's 3 year Medium term Financial Strategy includes forecast pay awards for the next	Open	05-Jul-21	Chief Finance Officer	Hannah Doney	3	3	9	The Council's 3 year Medium Term Financial Strategy (MTFS) includes forecast pay awards for the next three years linked to inflation forecasts. The final award for 23/24 has now been confirmed and the pressure has been managed in year through use of reserves.
9		Revenue balances insufficient to meet other inflationary increases	Other than contractual agreements, budgets have been cash limited where possible.	In year and MTFS budget pressure	Treat	3	4	12	Other than contractual agreements, budgets have been cash limited where possible.	Open		Chief Finance Officer	Hannah Doney	3	3	9	The budget planning process for 2024/25 onwards will address the ongoing impact of high inflation on contract costs during 2022/23 and 2023/24.
10		Interest rates resulting in significant variations in estimated interest income and interest payable.	The volatility of the global economy	In year and MTFS budget pressure	Treat	3	3	9	The Council's Treasury Management Strategy Statement enables officers to take prudent investment and borrowing decisions that reduce the cost of carry and minimise	Open	05-Jul-21	Chief Finance Officer	Hannah Doney	3	2	6	The Council has divested from investment in Strategic Pooled Funds (accumulating asset class) in order to maximise the cash available for internal borrowing. In the short term this will also increase investment returns as the cash will generate interest income from short term investments.
11		Inaccurate estimate of fees and charges income	Additional or reduction in demand	Increasing income or reduction in income causing an in year budget pressure	Treat	3	3	9	Key income streams monitored and reported in the Financial Monitoring Reports	Open	05-Jul-21	Chief Finance Officer	Hannah Doney	3	3	9	Economic environment continues to create pressure on income from discretionary services such as planning and building control. This is reported in the financial monitoring report and being addressed through the budget planning process.
12		Revenue balances insufficient to meet loss of partial exemption for VAT	If the council's expenditure on functions for which it receives income that is exempt for VAT purposes exceeds 5% of its total taxable expenditure, then the Council may lose its ability to recover VAT on all of its exempt inputs.	In year and MTFS budget pressure	Treat	3	2	6	The partial exemption calculation is completed annually. The council review its PE when projects involve exempt tax and may need to opt to tax to avoid unnecessary budget implications. The Council has a contract with specialist IA	Open	05-Jul-21	Chief Finance Officer	Hannah Doney	1	4	4	The Council continues to monitor the partial exemption calculation and opts to tax where necessary, particularly on significant land transactions.
13		Major emergency	Major emergency requires funds beyond Bellwin scheme and causes serious drain on balances	In year budget pressure	Treat	1	4	4	Reserves could be utilised to manage one off costs.	Open	05-Jul-21	Chief Finance Officer	Hannah Doney	1	2	2	
14		The estimated cost reductions and additional income gains are not achieved	Delay in project, demand changes and increase in resources	In year and MTFS budget pressure	Treat	3	2	6	Reserves could be utilised to manage impact on the budget on a short term basis whilst alternative cost reductions are delivered.	Open	05-Jul-21	Chief Finance Officer	Hannah Doney	2	2	4	The delivery of savings and income generation is monitored and report to Corporate Management Board and to members through the Financial Monitoring Report.
15		The income received from commercial rents decreases	Property becomes void or is disposed of	In year and MTFS budget pressure	Treat	4	4	16	The rental income received from the Council's property portfolio is a significant proportion of the total income the Council receives. This is regularly monitored. The Council holds the Riverwell Reserve to manage the risk around commercial income.	Open	05-Jul-21	Chief Finance Officer	Hannah Doney	4	3	12	The wider economic environment and changes to working practices post COVID 19 mean that commercial income remains a key risk area, as evidenced by tenants recently entering administration. The Council's management of the commercial investment portfolio is supported by LSH and closely monitored by the Property Investment Board (PIB).
16		The Council is faced with potential litigation and other employment related risks	Various	increase costs	Treat	3	2	6	Increase use of reserves	Open		Chief Finance Officer	Hannah Doney	3	1	3	This is an inherent risk.
18		The amount of government grant is adversely affected	Lower allocation within Local Government Finance Settlement	MTFS budget pressure	Treat	4	3	12	The MTFS includes a prudent forecast for grant funding.	Open	05-Jul-21	Chief Finance Officer	Hannah Doney	2	3	6	A prudent forecast is made for future years in the absence of a multi year local government finance settlement.

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19		Fluctuations in Business Rates Retention	Changes to legislation	Increasing income or reduction in income causing an in year budget pressure	Treat	2	2	4	The Council is legally obliged to cover the first 7.5% loss on its predetermined baseline level. From April 2020 the system was due to be subject to reset and increase to 75% retention.	Open	05-Jul-21	Chief Finance Officer	Hannah Doney	2	2	4	Reset is now postponed until at least 2025/26.
21		Loss of Key Personnel	Staff leave for promotion/retire	As the Council becomes more complex in its financial arrangements, key skills become more important.	Treat	3	4	12	Improve depth of skills and knowledge. Bring in temporary additional resources as necessary.	open	05-Jul-21	Chief Finance Officer	Hannah Doney	1	3	3	Following a revision of job descriptions, minor amendments to the structure, and a successful recruitment campaign during 2022/23, the Finance team is currently fully staffed. All staff have an annual Personal Development Review which contains smart objectives including objectives related to career development and identification of training needs.