

## Key Budgetary Risks

Ref.	Type of Consequence	Comment	Likelihood	Impact	Overall Score
Corp 7	Council budget is not sufficient to undertake all services and projects desired / required	In that the general fund balance falls below the minimum prudent threshold and capital funding is insufficient to meet the capital programme. This appears as item no.7 on the Council's corporate risk register.	3	4	12
15	The income received from Commercial rents decreases	The rental income received from the Councils property portfolio is a significant proportion of the total income the Council receives. The economic climate has increased risk as evidenced by tenants going into administration. The Council's management of the commercial investment portfolio is supported by LSH and closely monitored by the Property Investment Board (PIB).	4	3	12
7	Revenue balances insufficient to meet estimate pay award increases	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. The current employers' offer for 2024/25 is within budget.	3	3	9
9	Revenue balances insufficient to meet other inflationary increases	The budget planning process for 2024/25 onwards has addressed the ongoing impact of high inflation on contract costs during 2022/23 and 2023/24. .	3	3	9
10	Interest rates resulting in significant variations in estimated interest income and borrowing costs	The interest rate has a significant impact on the proceeds from capital receipts that are invested in the money market and the cost of borrowing to fund capital expenditure.	3	2	6
11	Inaccurate estimates of fees and charges income	The current financial climate impacts key income streams as residents reduce use of discretionary services such as planning and building control.	3	3	9
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 vat able expenditure, then the Council may lose its ability to recover VAT on all of its exempt inputs.	1	4	4
13	Major emergency	Major Emergency requires funds beyond Bellwin scheme and causes serious drain on balances.	1	2	2
14	The estimated cost reductions and additional income gains are not achieved	Savings identified are monitored as part of the monthly budget monitoring process and reported to CMB, Portfolio Holders and Finance Scrutiny Committee.	2	2	4
18	The amount of government grant is adversely affected	The provisional grant settlement has been factored into the MTFS. A prudent forecast is made for future years in the absence of a multi year local government finance settlement.	2	3	6
19	Fluctuations in Business Rates Retention	The Council is legally obliged to cover the first 7.5% loss on its pre determined baseline level. The Council is currently in a safety net position. The system was due to be subject to reset and increase to 75% retention. This has been postponed until 2025/26 at the earliest.	2	2	4
16	The Council is faced with potential litigation and other employment related risks	One off pressures are managed by use of reserves.	3	1	3
21	Loss of Key Personnel	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 and opportunities.	1	3	3
		1= LOW RISK 4 = HIGH RISK			