

## BUDGET REPORT RISK IMPLICATIONS 2022/23 to 2025/26

Risk ID	Risk						Gross Risk		Current Risk		Residual Risk		Risk Mitigation
	Risk Title	Opportunity/Threat	Risk Description	Risk Cause	Consequence	Date raised	I	P	I	P	I	P	
B1	Pay Negotiations	Threat	The Council are currently in negotiation with the unions in relation to the local pay agreement commencing 1-4-2022. Should this not be settled within a pay envelope this may have a significant impact	Pay agreement costs more than budgeted	Potential reductions in service	19-Nov-21	4	3	4	3	4	2	Reach an agreement within pay envelope or prepare for mitigations
B2	Minimum Revenue Provision Consultation	Threat	The Councils understands that the Government will commence a consultation on the accounting treatment of charges to revenue in respect of loans it makes to external organisations such as OCHL. We understand that the consultation is likely to propose changes which will have a significant financial impact on the Councils	Government Consultation on MRP not due until 22-11-2021	Significant additional cost to the council only part of which has been factored into the budget	19-Nov-21	4	4	4	3	3	2	Respond to consultation. Lobby the Government and LGA. Discuss mitigations with OCHL
B3	Spending Review	Threat	Changes in Government funding arising in Provisional Finance Settlement	The Council is awaiting the Provisional Finance Settlement which is not due to be published until 15th December. It is still uncertain when 'Fairer Funding' in relation to business rates income will be implemented. Equally there is uncertainty over council tax referendum levels and the amount of New Homes Bonus	Significant reduction of income and reductions in services between now and February budget setting	19-Nov-21	4	3	4	3	4	2	Monitor and respond following Consultation Budget
B4	Reduced return from companies	Threat	Reduction in interest and dividend from OCHL or dividend from ODS	Reduced development activity in OCHL or reduced income and efficiencies in ODS	Severe impact on Councils MTFP.	19-Nov-21	4	3	4	3	4	2	Monitor monthly
B5	Homelessness spend	Threat	Homelessness spend exceeds budget and has bigger draw on reserves	Escalating homelessness costs caused by migration of claimants to UC	Overspending or reduced service	19-Nov-21	3	3	3	3	3	2	Monitor monthly, reduce spend either in homelessness or other areas of the budget
B6	Partner failure	Threat	Major partner fails financially causing disruption or ceasing of key council services e.g leisure	Financial failure of partner	Overpends or service reduction in other service areas	19-Nov-21	3	3	3	3	3	2	Monitor, prepare contingency plans to re-tender service
B7	Business Rates Income	Threat	Business rates income less than expected	Volatility in business premises closing or being developed; Business Rates appeals being higher than anticipated, Business rates reset and fairer funding reduce income lower than expected	Less council funding	19-Nov-21	4	3	4	3	4	2	Monitor monthly

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B8	Investment interest	Threat	Actual interest rates and investment returns being lower than projected	Economic climate. Spend in Companies is less than expected reducing the margin to the Council	Reduced investment income	19-Nov-21	4	2	4	2	4	2	Interest rates are already low therefore only moderate impact. Monitor and ensure placing investments in high credit rated agencies. There is a higher level of risk associated with property investment funds which is mitigated through the use of earmarked reserves.
B9	Efficiencies	Threat	Any further slippage in the delivery of savings and efficiencies, especially around trading or additional pressures on the 2019-20 budget that could impact on 2020-21	Changes in circumstances make savings unattainable	Reduced efficiencies increased overspend on net budget	19-Nov-21	3	3	3	3	3	2	Monitor monthly, take corrective action if problem identified. Use contingencies within the budget to cover high and medium risks
B10	Right to Buy sales vary from estimate	Threat	Variations in numbers of RTB's affects HRA planning	More houses sold	A decrease in the numbers of RTB's will lead to less capital receipts to fund the Capital Programme. Conversely an increase in the numbers of RTBs would lead to a revenue pressure from reduced rental income	19-Nov-21	4	3	4	2	4	2	Track situation and either re-prioritise spend or use additional borrowing headroom
B11	Robustness of Estimates	Threat	The revenue and capital estimates vary from estimated and planned. The implications of Government policy impact more adversely than anticipated.	Fluctuations in prices and reduced income	Potential overspend	19-Nov-21	4	3	3	2	3	2	Robust monthly budget monitoring to detect variations and put in mitigating action. Adequate reserves, balances and contingencies within the budget to cover where mitigation is insufficient.
B12	Income Stream	Threat	Some businesses and individuals are struggling financially following the aftermath of COVID. There is a potential for arrears of key income streams to the council to increase if not kept in check	Financial hardship by businesses and individuals	Increased write off of income and reduced income to fund services		4	3	3	3	3	2	Monitor and early action
B13	Capital Receipts	Threat	Asset disposals are not secured or fall short of target amount	Economic climate or inability to negotiate deals	Insufficient resources to fund capital programme	19-Nov-21	4	3	4	3	4	2	Robust monthly monitoring, consider prudential borrowing to fund shortfall or defer projects
B14	Savings not achieved	Threat	Savings in budget from efficiencies and transformation may not be achieved	Service pressures	Potential overspend	19-Nov-21	3	3	3	3	3	2	Monitoring
B15	Slippage in Capital Programme	Threat	Schemes in Capital Programme do not start or finish on time	Contract delays or increased variations	Impact on delivery of Council priorities	19-Nov-21	3	3	3	3	3	2	Robust monthly monitoring of programme, introduction of Capital Gateway Process and flexible treasury management strategy