

BUDGET REPORT RISK IMPLICATIONS 2023/24 to 2026/27

| 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 | |
| B3 | Spending Review | Threat | Changes in government funding going forward | We still await clarification on the financial impact on local authorities and more specifically whether fairer funding will be delayed once again | Significant reduction of income going forward | 19-Nov-22 | 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-22 | 4 | 3 | 4 | 3 | 4 | 2 | Monitor monthly |
| 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-22 | 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-22 | 4 | 3 | 4 | 3 | 4 | 2 | Monitor monthly |
| B8 | Treasury Investment returns | Threat | Economic activity has an adverse effect on investment returns | Investment returns are derived from a number of sources. Interest returns from OCHL may be less if activity within the company starts to reduce as a result of increased borrowing rates. Investment interest returns from banks and other lenders will increase but returns from some of the council's multi asset funds and property funds are more susceptible to economic conditions such as movement in property prices and stocks and shares. | Reduced investment income | 19-Nov-22 | 4 | 3 | 4 | 3 | 4 | 2 | Interest rates are already on the increase and may adversely affect the council. There is a higher level of risk associated with property investment funds and multi asset funds which is partially 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 2022-23 budget that could impact on 2023-24 and beyond | Changes in circumstances make savings unattainable | Reduced efficiencies increased overspend on net budget | 19-Nov-22 | 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 |

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| 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-22 | 3 | 3 | 3 | 3 | 3 | 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-22 | 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 Streams | 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 | 19-Nov-22 | 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-22 | 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-22 | 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-22 | 3 | 3 | 3 | 3 | 3 | 2 | Robust monthly monitoring of programme, introduction of Capital Gateway Process and flexible treasury management strategy |