

MEDIUM TERM BUDGET STRATEGY 2021/22 –2026/27 RISK ASSESSMENT

Assessment of risks for the year 2021/22 and future years

Please note:

The probability (prob) and impact (imp) of identified risks adversely affecting the Budget are each addressed on a scale of 1 to 5, where 1 = very low, 2 = low, 3 = medium, 4 = high and 5 = very high.

Risk		2021/22		Future		Comments
		Prob	Imp	Prob	Imp	
1.	General Fund Balances less than 10% of Net Revenue Spend.	1	2	2	2	Balances are forecast to be in excess of the 10% minimum. This position is now more certain as services start to return to pre-pandemic levels.
2.	Impact of new legislation and Government initiatives	1	2	4	4	There will inevitably be future legislation and initiatives that may result in additional financial implications. (e.g. Business Rates Review).
3.	Additional borrowing to finance the CIP.	5	1	5	2	Capital Receipts are earmarked for projects which have a direct benefit to the public. For other capital expenditure borrowing is the main source of finance particularly for income generating projects.
4.	Failure to achieve the Continuous Improvement Strategy	0	0	2	3	The Continuous Improvement Strategy will require regular management to ensure that targets are met and financial stability for the Council is assured. The regularly reporting to Cabinet will ensure this remains closely monitored.
5.	Economic environment adversely impacts on Council finances.	1	2	5	4	The Council is vulnerable to macro economic factors beyond its control: <ul style="list-style-type: none"> - Interest rates - Impact of Covid-19 - Cuts in Public Sector spending - Falling consumer spend

		Prob	Imp	Prob	Imp	Comments
6.	Income generated does not meet Budget target.	1	2	3	3	The Council has relatively few high-income earners but is vulnerable to a downturn in the significant areas of Car Parking and Planning Fees.
7.	Impact of Covid-19	5	5	5	4	Covid-19 is by far the biggest risk impacting the Medium-Term Financial Plan. The uncertainty around future lockdown, Government support and economic recovery means the forecasts are much more variable. Significant provisions have made for those services most impacted but the ongoing position is very uncertain.
8.	Staff Turnover – High levels of staff turnover disrupt the budget process and reduce effective budget management.	2	1	2	3	Staff turnover is currently low and the impact on the Budget is reviewed quarterly. A review of staff recruitment and retention is also underway to ensure the Council stay in line with the market
9.	Unforeseen service issues that have a significant impact on the Council's finances.	1	1	3	2	Given the variety and range of services there will always be unexpected service issues that arise. The Quarterly Performance Monitoring is designed to assess whether there are any significant issues that need to be brought to Corporate Leadership Board and Members attention. The Control Assurance Framework also demonstrates that the Council has a comprehensive network of internal controls designed to prevent and alert managers of unforeseen problems.