

KEY BUDGET RISKS & SENSITIVITY ANALYSIS 2024/25

Description	Budget Risk	Risk Assessment			Containment Actions		
		Probability	Impact	Value £000'S	What	Who	When
2023/24 overspend	Expenditure not contained within approved budgets	Medium	Medium	200	Enhanced forecasting processes in place for 2023/24. Mitigations already in place / forensic review of budgets undertaken / review vacant posts/ review non-essential spending.	Accountability with Budget Holders and Service Directors	Monthly
Income from Fees and Charges	Levels set in the budget not achieved/ cost of living crisis impact	Medium	Medium	100	The Council has established a new Fees and Charges Policy - which sets out recovery of costs. Fees and charges are reviewed annually as part of the Councils budget process and a detailed report presented to Cabinet to review and approve. Levels have been reviewed over the past two-years and income budgets have been reduced to a realistic and achievable base. Service costs are reviewed annually and decisions based on this assessment. Decisions on any services where full cost recovery is not proposed must be in line with policy and referred to Cabinet for approval.	Service Managers	Monthly
Parking Income	Income is lower than budgeted as a result of lower demand or customer behaviour change.	Medium	Medium	200	Budget pressures have reduced income base to a level that is both realistic and achievable and based on the latest activity and financial data, with known changes factored in where appropriate. Monthly budget monitoring in place and reporting to CLT monthly and to Cabinet each quarter.	Accountability with Budget Holders and Service Directors	Monthly
Planning Income	Failure to achieve income targets due to reduced demand. Budget includes savings targets which were set in 2023/24.	High	Medium	300	Budgets set based on latest activity. Difficult to influence demand for services. Monthly monitoring and reporting to CLT.	Accountability with Budget Holders and Service Directors	Monthly
Industrial and Commercial. Property portfolio	Industrial & commercial/ Vicar Lane/ Pavements. Reduced rent income during economic downturn and due to disposals to generate capital receipts	Medium	High	250	Assumptions adjusted within the MTFP to bring income targets to an achievable level. Horizon scanning and discussions with existing tenants. Monitor voids/ business cases. Flexible Payments for existing customers. Planned Disposal Programme. Asset Management Plan updated. Corporate Property Board meeting monthly.	Head of Corporate Property/ Technical Services	Monthly

Careline service	Withdrawal of DCC funding. Service delivery based on cost neutral impact to GF. Service will need to have sufficient take up to cover costs by 1 April 2024.	High	High	500	Report set out risks and recommendation to establish a risk reserve £300k. Careline steering group established. Robust monitoring in place with a review by 1 April. Swift action to be taken if numbers fail to materialise.	Service Director Housing	On-going
Budget assumptions do not cover inflationary impact	Contract inflation not captured within budgets	Medium	Low	300	Inflation for pay set at 3% for 2024/25. Contractual inflation built within budgets for 2024/25. Pressures process built into the MTFP.	Accountability with Budget Holders and Service Directors	Monthly
Additional cost pressures as a result of cost-of-living crisis	Further demand for services e.g. homelessness	Medium	High	150	Maintain adequate working balance and effective risk management and monitoring. Enhanced monitoring reporting to CLT.	Accountability with Budget Holders and Service Directors	On-going
Non achievement of saving	Failure to achieve savings built into the MTFP	Medium	Low	300	Implementation plans for savings. Monitor progress against targets early in 2024/25. Enhanced forecasting introduced in 2023/24 and reported to CLT monthly.	Accountability with Budget Holders and Service Directors	On-going
Benefits - high spend £23.3m with complicated grant scheme.	Increase in expenditure with less than 100% subsidy. Failure to comply with Regulations/ recovery of overpayments.	Medium	High	200	The Council provides extensive training to staff who are responsible for the processing of HB claims to ensure they have the appropriate technical knowledge and skills. The Council has an assurance process for reviewing claims and changes in circumstances to identify errors and correct these.	Benefits Service Manager	Quarterly
Property Maintenance - 10-year maintenance programme	Condition Survey in progress. Potential additional requirements	High	Medium	1,000	Asset Management Strategy and Plan will inform outcome and actions need to address. Stock condition survey pilot in 2023/24 to roll out during 2024/25. Funding requirement from Capital Receipts is a risk.	Executive Director	On-going
Reduced recovery rates/ Provision for Bad Debts	Recovery of all debts including Council Tax and Business Rates	Medium	High	250	Regular monitoring level of debtors and collection rates. Further provision included within the MTFP.	Finance	On-going
VAT - 5% exempt limit exceeded	Limit exceeded £250k unrecoverable plus excess amount.	Low	High	400	In year monitoring and forecasting	Head of Finance	Monthly

Treasury Management	The Council relies on internal borrowing and some loans on variable rates. Higher borrowing associated with higher interest rates.	Medium	High	400	MTFP includes extra pressure for Treasury Management costs. Treasury Management reserve to be set up as part of the Outturn process.	CFO	Monthly
MMI	'Clawback' beyond provision	Low	High	100	Clawback rate currently 25%. Provision established and in line with Insurance Fund review completed.	CFO	On-going
Changes in government funding / fair funding review	Reduced funding from Government	High	High	tba	MTFP is based on the latest funding announcements. Advice from Pixel Consulting. Funding conformed for 2024/25. Will impact on future years but mitigated somewhat as budget assumes low levels of funding from government going forward. There will be transitional arrangements in place	CFO	Awaiting consultation from Government
Potential Business Rates Reset	Impact on Growth above baseline	High	High	700	Will remain a risk for future years. Business Rates Reserve established to mitigate impact in future years	CFO	Awaiting consultation from Government
Business Rates Pool	Potential changes in pooling arrangement / Declining business rates growth £300k exposure 50%	Medium	low	200	Business Rates Risk reserve set up to mitigate risk / Transitional arrangements likely.	CFO	Quarterly

General Fund Revenue Budget	Total exposure			5,550
	<u>Allowance %</u>	<u>Prob</u>	<u>Total £000</u>	<u>Allow £000</u>
Risk allowance	70%	High	2,500	1,750
	40%	Med	2,550	1,020
	25%	Low	500	125
Risk allowance			5,550	2,895

Risk allowance can be covered by the General Fund Balance £1.5m / the Budget Risk Reserve/ Business Rates Reserve