

KEY BUDGET RISKS & SENSITIVITY ANALYSIS 2023/24

Description	Budget Risk	Risk Assessment			Containment Actions		
		Probability	Impact	Value £000'S	What	Who	When
2022/23 overspend	Expenditure not contained within approved budgets	Medium	Medium	200	Robust in year monitoring. Mitigations already in place / forensic review of budgets undertaken / review vacancies/ review non essential spending	Accountability with Budget Holders and Service Directors	Monthly
Budget assumption do not cover inflationary impact	Contract inflation not captured within budgets	Medium	Low	400	Inflation contingency established within MTFP £550k in 2023 and £650k pa for all years	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	250	Maintain adequate working balance/ insurance fund/ effective risk management and monitoring	SLT, CLT, budget holders, finance	On-going
Non achievement of saving	Failure to achieve savings built into the MTFP	Medium	Low	100	Implementation plans for savings. Monitor progress against targets early in 2023/24	Accountability with Budget Holders and Service Directors	On-going
Achieving income targets - leisure, car parks, etc	Cost of living crisis impact on income generating areas	Medium	Medium	200	Base budgets adjusted to reflect activity Monthly budget monitoring + marketing & promotional activities.	Service Managers	Monthly
Industrial and commercial Comm. Property portfolio - reduced rent income during economic downturn and due to disposals to generate capital receipts.	Industrial & commercial/ Vicar Lane/ Pavements	Medium	High	500	Assumptions adjusted within the MTFP. Monitor voids/ business cases. Planned Disposal Programme. Robust monitoring.	Estates Officer	Monthly
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	Low	High	200	Bad debt provision increased and provision within budget Regular monitoring of claims processed. Staff Training	Benefits Manager	Quarterly
Property Maintenance - 10 year maintenance programme	Condition Survey. Asset Management Strategy in progress. undertaken. Potential additional requirements	High	Medium	1,000	Asset Management Strategy and Plan will inform outcome and actions need to address	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.	Finance	On-going
VAT - 5% exempt limit exceeded	Limit exceeded £250k unrecoverable plus excess amount.	Low	High	400	Monitoring	Head of Finance	Monthly
MMI – risk of insolvent run-off following recent ruling on EL claims.	'Clawback' beyond the £345k provision (£1.4m claims settled).	Low	High	100	Clawback rate currently 25%. Provision of £348k established and in line with Insurance Fund review completed in 2019/20.	Service Director Finance	On-going
Changes in government funding / fair funding review	Reduced funding from Government	Low	High	tba	Funding confirmed for 2023/24 and framework for 2024/25 shared. Will impact on future years but mitigated somewhat as budget does not assume funding from government going forward.	Service Director Finance	On-going
Potential Business Rates Reset	Impact on Growth above baseline	Low	High	tba	Government confirmation that will not take place in 2023/24 but will remain a risk for future years Business Rates Reserve established to mitigate impact in future years	Service Director Finance	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	Service Director Finance	Quarterly

Gen Fund Rev Budget	Total exposure			3,800
	Allowance %	Prob	Total £000	Allow £000
Risk allowance	70%	High	1,000	700
	40%	Med	2,100	840
	25%	Low	700	175
Risk allowance			3,800	1,715

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