

2021-22 Budget and Medium Term Financial Plan Risks

The table below sets out the risks which have been identified around the 2021-22 Budget and Medium Term Financial Plan. Given the significant uncertainty around levels of Government funding beyond 2021-22 there is a high degree of risk associated with the delivery of the Council's financial plans over the medium term. Risk assessment has been undertaken by the informed judgement of experienced Officers.

Local Risks

Risk	Mitigation	Residual RAG Risk
Council Tax and Business Rates Collection Fund deficits are higher than forecast as a result of the ongoing economic impacts of COVID-19.	<ul style="list-style-type: none"> • Additional Government funding for irrecoverable local tax losses in 2020-21, although the amount of funding is uncertain. • Use of reserves. 	Red
Non delivery or under delivery of savings.	<ul style="list-style-type: none"> • Use of reserves. • Lobbying of Central Government for additional funding. • Maximise annual Council Tax increases to provide stability. 	Red
The ongoing impact of COVID-19 on the Council's available resources and transformation programme is not yet known.	<ul style="list-style-type: none"> • Internal COVID-19 risk management meetings. • Robust financial management and reporting processes to be developed and implemented to give early warning of potential risks and issues. 	Red
The disaggregation of income, expenditure and service delivery is inaccurately split between the North and West, giving rise to significant budget pressures.	<ul style="list-style-type: none"> • Contingencies have been built into the budget baseline • Maximise annual Council Tax increases to provide stability. • Use of reserves 	Red

<p>The Band D average harmonised Council Tax is low compared to national average rates for Unitary councils, restricting the ability to maximise income from Council Tax due to restrictions imposed by national referendum principles.</p>	<ul style="list-style-type: none"> • Maximise annual Council Tax increases to provide stability. 	<p>Red</p>
<p>If Council Tax is not maximised then there is a risk that services will need to be reduced.</p>	<ul style="list-style-type: none"> • Maximise annual Council Tax increases to provide stability. 	<p>Red</p>
<p>Unplanned and unforeseen consequences and costs arising from the implementation of new or changed systems and processes across service areas within the new Council.</p>	<ul style="list-style-type: none"> • Reviews of services and the budgets associated with them will be carried out throughout 2021-22 to ensure that priorities are deliverable within the approved budgets. • Maximise annual Council Tax increases to provide stability. 	<p>Red</p>
<p>Council Tax taxbase is less than forecast as a result of an increase in Local Council Tax Support or inaccurate growth assumptions.</p>	<ul style="list-style-type: none"> • Use of reserves. • Additional Government funding for Council Tax hardship in 2021-22 	<p>Amber</p>
<p>Uncertainty around the funding for the operation of the Children's Trust in the short to medium term following the establishment of the new Trust on 1st November 2020.</p>	<ul style="list-style-type: none"> • Use of reserves. • Lobbying of Central Government for additional funding. 	<p>Amber</p>
<p>The Sovereign Councils are unable to deliver a balanced outturn position for 2020-21, therefore impacting on reserves available to the new council.</p>	<ul style="list-style-type: none"> • Additional savings proposals will need to be identified by reducing or redesigning services. • Maximise annual Council Tax increases to provide stability. 	<p>Amber</p>

Budget proposals identified for 2021-22 will not be fully deliverable within the planned timeline.	<ul style="list-style-type: none"> • Robust financial management and reporting processes to be developed and implemented to review the budget proposals with action plans in place to give early warning of potential risks and issues. • Maximise annual Council Tax increases to provide stability. 	Amber
Risk of contractors going out of business and needing to re-tender at potentially higher cost.	<ul style="list-style-type: none"> • Robust contract management and monitoring of key suppliers financial performance. • Use of reserves. 	Amber
Assumptions around availability of staff resources are incorrect resulting in increased agency costs.	<ul style="list-style-type: none"> • Additional savings proposals will need to be identified by reducing or redesigning services. 	Amber
Projected levels of income from fees and charges are not achieved.	<ul style="list-style-type: none"> • Further opportunities for raising additional funds through the harmonisation of fees and charges will need to be explored and implementation plans accelerated. 	Amber
Reduced or uncertain cashflow as a result of lower Council Tax and Business Rates collection rates.	<ul style="list-style-type: none"> • Increased use of short term borrowing. • Robust cashflow management and monitoring. 	Green
Assumptions around the budgeted pay award and timing of the harmonisation of terms and conditions are unrealistic.	<ul style="list-style-type: none"> • Additional savings proposals will need to be identified by reducing or redesigning services. 	Green

National Risks

Medium Term funding is less than forecast.	<ul style="list-style-type: none"> • Additional savings proposals will need to be identified by reducing or redesigning services. • Maximise annual Council Tax increases to provide stability. 	Red
COVID-19 pressures continue for a longer period of time into the medium term than included in budget forecasts.	<ul style="list-style-type: none"> • Maximise annual Council Tax increases to provide stability. • Increased lobbying for Government support, use of reserves or reduction in services. 	Red
Changes to the Local Government funding system as a result of the Fair Funding Review and changes to Business Rates Retention negatively impact on medium term funding forecasts	<ul style="list-style-type: none"> • Additional savings proposals will need to be identified. • Maximise annual Council Tax increases to provide stability. 	Red
Volatility of business rates funding given the uncertainty around the impact of COVID-19 on the economy and the potential impact of change of circumstances and successful appeals.	<ul style="list-style-type: none"> • Use of reserves. 	Red
Retail hospitality and leisure businesses will no longer be benefitting from business rates reliefs, therefore there is an increased risk of non-payment.	<ul style="list-style-type: none"> • Use of reserves. 	Amber
Funding in the Local Government Finance Settlement is less than expected.	<ul style="list-style-type: none"> • Additional savings proposals will need to be identified by reducing or redesigning services. • Maximise annual Council Tax 	Amber

	increases to provide stability.	
The full impact of Brexit on the Council's resources is not yet known.	<ul style="list-style-type: none"> • Internal Brexit contingency planning and preparedness meetings. • Robust financial management and reporting processes to be developed and implemented to give early warning of potential risks and issues. 	Amber
Inflation increases at a higher rate than anticipated.	<ul style="list-style-type: none"> • Use of reserves. 	Amber
Unforeseen demand or volatility in social care.	<ul style="list-style-type: none"> • Robust financial management and monitoring of demand. • Additional savings proposals will need to be identified by reducing or redesigning services. 	Amber
The results of the Public Works Loan Board (PWLB) consultation on revised lending terms may result in changes to planned borrowing profiles.	<ul style="list-style-type: none"> • Use of reserves. 	Green
Interest rate volatility adversely impacts treasury budgets.	<ul style="list-style-type: none"> • Use of reserves 	Green