

REVENUE BUDGET 2021/22 - RISK ASSESSMENT

STRATEGY & RESOURCES COMMITTEE						
Risk	Budget (£M)	Rating	Key Risks	Action	Ref to proposed Key Priorities and Targets	Ref to Leadership Risk Register
Impact of Covid-19 on services and financial resilience	All	High	<p>Increased expenditure to respond to impact of Covid-19.</p> <p>Reduced income from services and taxation due to social, health and economic impacts of Covid-19</p>	<p>Contingency of £950k included in revenue budget to mitigate impact of Covid-19.</p> <p>Delivery of agreed savings to contain expenditure.</p> <p>Utilisation of MHCLG's Income Compensation Scheme and any other government grant schemes, as appropriate.</p> <p>Regular budget monitoring in accordance with Financial Regulations.</p> <p>Utilisation of reserves if required.</p>	Effective Council	L1
Reducing projected net expenditure	All	High	Fail to deliver savings and/or a balanced budget	<p>Delivery of the MTFs and the Efficiency Plan</p> <p>Identify additional savings of up to £920,000 by 2023/24</p>	Effective Council strengthen the Council's financial independence	L1
External Funding	£0.25m New Homes Bonus £1.6m Business Rates	High	<p>Loss of income from the Fair Funding Review</p> <p>Reduction in New Homes Bonus funding</p>	Identification of other sources of funding.	Effective Council strengthen the Council's financial independence	L1

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Failure to control Salaries Costs	c.£12.5m	Med	Increasing salaries cost and pressures on services	Four Year Pay Policy linked to CPI inflation Job evaluation Updated HR & OD Strategy Monitoring of salaries and agency costs	Support and enable a high performing and adaptable workforce	L2
Cost of borrowing	£1.6m	Med	Over borrowing at incorrect rates Cost of borrowing through PWLB increases	Borrowing to invest decisions Robust business cases for investments supported by borrowing Agree governance arrangements and robust reporting Borrow through the PWLB at fixed rates Utilise external, specialist treasury advisors for advice.	Effective Council strengthen the Council's financial independence	L1
Net rental returns for the general fund	c.£2.4m	High	Failure to achieve the required rental returns from commercial property investments funded by borrowing Loss of tenant	Management of properties Review of all purchasing opportunities and due diligence	Effective Council strengthen the Council's financial independence	L11

Net income from EEPIC	£0.8m	High	<p>Failure to achieve the required rental returns from commercial property investments funded by borrowing</p> <p>Loss of tenant</p>	<p>On-going management of properties and tenants</p> <p>Review of all new purchasing opportunities and due diligence</p>	Effective Council strengthen the Council's financial independence	L11
Maintain secure investment of reserves and cash balance through the Treasury Management Strategy	£0.1m	Low	<p>Generate a sound return on cash</p> <p>Safeguard capital sums invested</p>	<p>Annual review of Treasury Management Strategy</p> <p>Use of external fund manager in accordance with treasury management policy</p> <p>Interest equalisation reserve</p> <p>Monthly review of fund performance</p> <p>Review of market risks using treasury management advisers</p>	Effective Council strengthen the Council's financial independence	L1
Pension funds	£37.4m (Deficit on IAS19 basis as at 31 March 2020)	Med	The deficit is not addressed over the next 20 years	Pension fund deficit payments will increase from £870k in 2020/21 to £927k in 2022/23 and then will be re-evaluated.	Effective Council	n/a

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Asset Management	£1.0m (direct exp)	High	Operational property is not fit for purpose. No increase in the income generated from commercial property. Optimisation of property for service to residents Insufficient reserves to fund major works and on going maintenance to council assets	Agree and implement a new Asset Management Plan Property maintenance and prioritised repairs programme Monitor tenant requirements and rent levels	Maximise opportunities to improve use of buildings	L11
Retained Business Rates	£1.6m	High	Los of income from the Fair Funding Review and the Business Rates Retention scheme Surrey Business Rates Pool for 2020/21	Await the outcome of the Business rates retention reform	99% of business rates to be collected	n/a

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Housing Benefit Subsidy	£17.3m	Med	<p>Reduced recovery rate on benefits paid out</p> <p>Increased demand for benefit payments due to recession</p> <p>Staff retention/ recruitment</p> <p>Welfare reforms</p>	<p>Monthly monitoring of benefit performance indicators</p> <p>Quarterly monitoring of subsidy position</p> <p>Recruitment and retention programme</p> <p>Increasing bad debt provision for claimant arrears</p> <p>Manage the implementation of Universal credit</p>	Processing of new benefit claims in 22 days and change in circumstances in 11 days	n/a
Council Tax Income	£6.9m (EEBC element)	Med	<p>Collection rates due to economy & changes to council tax benefits</p> <p>Cash flow</p>	<p>Billing & recovery arrangements designed to support collection targets, additional resource for local council tax support scheme</p> <p>Collection performance reported to Directors monthly.</p> <p>Collection Fund separately managed on behalf of precept authorities (SCC & SP)</p>	98.40% of Council Tax collected	n/a
Surrey County Council's Devolution & Transformation Agenda will affect the whole of Surrey.	Unknown impact on EEBC	Med	<p>Loss of income from SCC</p> <p>Reduced service</p> <p>Increased costs</p>	<p>Engage in devolution and transformation working groups as appropriate.</p> <p>Collaborate with other Districts on alternative proposals.</p>	All priorities.	L7

ENVIRONMENT & SAFE COMMUNITIES COMMITTEE						
Risk	Budget (£M)	Rating	Key Risks	Action	Ref to proposed Key Priorities and Targets	Ref to Leadership Risk Register
Off Street Parking Income	£4.4m	Med	Income from off street car parks is exposed to adverse weather and economic conditions that can have significant effect on Outturn.	Monthly monitoring and work analysing individual car park performance against target.	Effective Council strengthen the Council's financial independence	n/a
On Street Parking income	£0.3m	Med	Loss of on street parking income due to termination of current arrangements with SCC	Need to monitor the changes within SCC	Effective Council strengthen the Council's financial independence	n/a
Domestic and Trade Waste Collection	£1.5m	Med to High	Income from waste recycling fees is exposed to changes in market prices and the changes proposed by SCC.	Monthly monitoring of income against target and monitor the market fluctuations	Recycling rates 54%	n/a
Highways	£0.1m	Low	Possible reductions of partner contributions due to budget cuts	Review of expenditure relating to highways agency spend to ensure full costs funded by SCC.	n/a	n/a
Building Control Income	£0.3m	Med	Changes to economy further impacting on planning and building control income	Review of building control service and service delivery.	n/a	n/a

			Private competition on Building Control Service has impacted adversely in recent years with the market is difficult to predict			
Place Development Income	£0.6m	High	Risk of designation for planning decisions Non delivery of the Local Plan and Plan E	New PPA agreements and funding to cover costs of staff for large developments	Implement the Local Plan and the national planning statistics	L3
Cemetery Services	£0.5m	Med	Reduction in the no of burials and memorials	Promote new space and services with cemetery	n/a	n/a

COMMUNITY AND WELL BEING						
Risk	Budget (£M)	Rating	Key Risks	Action	Ref to proposed Key Priorities and Targets	Ref to Leadership Risk Register
Homelessness	£1.5m (net expenditure)	High	<p>Significant increase in number of households requiring temporary accommodation</p> <p>Lack of affordable housing therefore unable to move households out of TA</p>	<p>Prevention of homelessness</p> <p>Action plan to reduce reliance of TA both short and long term initiatives</p>	Safe & Well	L10
Venues Income	£1.0m	High	<p>Not reaching budgeted level of letting income from venue.</p> <p>Covid-19 impact on operation of venues.</p> <p>Additional operational costs.</p>	<p>External provision for ECH and business plans for Playhouse and Bourne Hall.</p> <p>MHCLG Income Compensation Scheme for loss of income in Q1 2021/22.</p>	Effective Council	n/a