

REVENUE BUDGET 2023/24 - RISK ASSESSMENT

STRATEGY & RESOURCES COMMITTEE						
Risk	Budget (£M)	Rating	Key Risks	Action	Ref to proposed Key Priorities and Targets	Ref to Corporate Risk Register
Impact of inflation, energy costs and cost-of-living crisis on services and financial resilience	All	High	<p>Energy market volatility and inflation remain well above recent historical average, resulting in increased costs for the Council.</p> <p>Government's energy cost guarantee ends on 31 March 2023, and the Council may be exposed to elevated market rates from 1 April 2023.</p> <p>Reduced income from services and taxation due to social, health and economic impacts of potential recession.</p>	<p>Contingency included in revenue budget to mitigate impact of inflation.</p> <p>Pursue initiatives to reduce energy usage.</p> <p>Delivery of agreed savings to contain expenditure.</p> <p>Utilisation any government support schemes that are announced.</p> <p>Regular budget monitoring in accordance with Financial Regulations.</p> <p>Utilisation of reserves if required.</p>	Effective Council.	CRR-8
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 c.£1.7m by 2025/26.</p>	Effective Council.	CRR-51

External Funding	£0.13m New Homes Bonus £1.7m Business Rates £0.3m government grants	Med	Loss of income from the Fair Funding Review in future years. Reduction in New Homes Bonus funding.	Identification of other sources of funding. Monitoring government funding consultations and announcements.	Effective Council.	CRR-51
Failure to control salaries costs	c.£13m	Med	Increasing salaries cost and pressures on services.	Four Year Pay Policy linked to CPI inflation. Job evaluation. Updated Pay Policy from 2024/25. Monitoring of salaries and agency costs.	Effective Council.	CRR-51
Cost of borrowing	£1.6m	Low	Over borrowing at incorrect rates. Cost of borrowing through PWLB increases.	Robust business cases for investments supported by borrowing. Agree governance arrangements and robust reporting. If required, borrow through the PWLB at fixed rates. Utilise external, specialist treasury advisors for advice.	Effective Council.	CRR-51

Rental returns for the general fund	c.£3m	High	<p>Failure to achieve the required rental returns from commercial property investments funded by borrowing.</p> <p>Loss of tenant.</p>	<p>Management of properties.</p> <p>Review of all purchasing opportunities and due diligence.</p> <p>Implement decisions at S&R meeting of January 2023.</p> <p>Use of property income equalisation reserve.</p>	Effective Council.	CRR-51
Income from EEPIC	c.£1.3m	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> <p>Use of property income equalisation reserve.</p>	Effective Council.	CRR-51
Maintain secure investment of reserves and cash balance through the Treasury Management Strategy	c.£20m cash balances (fluctuates during year)	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>Monthly review of fund performance.</p> <p>Review of market risks using treasury management advisers.</p>	Effective Council.	CRR-51

<p>Interest income from reserves and CIL/S106 balances used to support services</p>	<p>£0.7m</p>	<p>Med</p>	<p>The Council may not achieve budgeted interest income if interest rates fall.</p> <p>If the Council spent a significant proportion of its reserves or CIL balances in a short period of time, funds may not be available to invest to earn budgeted interest income.</p>	<p>Monitoring of cash and reserve balances.</p> <p>Business cases to include impact of significant investments on treasury management income.</p> <p>Regular review of treasury management income achievable.</p> <p>Monitoring of market outlook (ie interest rate expectations) using treasury management advisers.</p>	<p>Effective Council.</p>	<p>CRR-51</p>
<p>Pension fund</p>	<p>£36.8m (Deficit on IAS19 basis as at 31 March 2022)</p>	<p>Med</p>	<p>The deficit is not addressed over the next 20 years.</p>	<p>Pension fund deficit payments of c.£900k per annum will continue to be made in line with independent actuarial recommendation through the triennial review as at 31 March 2022.</p>	<p>Effective Council.</p>	<p>CRR-51</p>

Asset Management	c.£1m (direct exp)	Med	<p>Operational property is not fit for purpose.</p> <p>No increase in the income generated from commercial property.</p> <p>Optimisation of property for service to residents.</p> <p>Insufficient reserves to fund major works and on going maintenance to council assets.</p>	<p>Implement the Asset Management Plan and refresh the plan at least annually.</p> <p>Property maintenance and prioritised repairs programme.</p> <p>Monitor tenant requirements and rent levels.</p>	<p>Effective Council.</p> <p>Maximise opportunities to improve use of buildings.</p>	CRR-51
Retained Business Rates	£1.7m	Med	<p>Loss of income from the Fair Funding Review/Levelling Up Agenda, and the Business Rates Retention scheme.</p> <p>Business rates collection lower than expected</p>	<p>Assess outcome of any government business rates retention reform and Fair Funding Review when published.</p> <p>Collection Fund Equalisation Reserve to mitigate income shortfalls in the short term.</p>	<p>Effective Council.</p> <p>99% of business rates to be collected.</p>	CRR-51

Housing Benefit Subsidy	C.£14m	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>Monitoring of benefit performance indicators.</p> <p>Quarterly monitoring of subsidy position.</p> <p>Recruitment and retention programme.</p> <p>Maintaining bad debt provision for claimant arrears.</p> <p>Manage the implementation of Universal credit.</p>	<p>Effective Council.</p> <p>Processing of new benefit claims in 22 days and change in circumstances in 11 days.</p>	CRR-51
Council Tax Income	c.£7m (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>	<p>Effective Council.</p> <p>98.40% of council tax collected.</p>	CRR-51
Building Control Contract	£0.1m expenditure	Low	<p>Less control due to transfer to Elmbridge Building Control Service.</p> <p>Changes to economy further impacting on building control service.</p>	<p>Monitor implementation and integration with Elmbridge Building Control Service.</p>	<p>Effective Council.</p> <p>Safe & Well.</p>	CRR-51

<p>Surrey County Council's Devolution & Transformation Agenda will affect the whole of Surrey.</p>	<p>Unknown impact on EEBC</p>	<p>Med</p>	<p>Loss of income from SCC. Reduced service. Increased costs.</p>	<p>Engage in devolution and transformation working groups as appropriate. Collaborate with other Districts on alternative proposals.</p>	<p>Effective Council. All priorities.</p>	<p>CRR-51</p>
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ENVIRONMENT & SAFE COMMUNITIES COMMITTEE						
Risk	Budget (£M)	Rating	Key Risks	Action	Ref to proposed Key Priorities and Targets	Ref to Corporate Risk Register
Car Parking Income	c.£4m	Med	Income from off street car parks is exposed to adverse weather and economic conditions that can have significant effect on usage.	Monthly monitoring and work analysing individual car park performance against target. Work to reduce costs following loss of on-street parking income to SCC.	Effective Council.	CRR-51
Domestic and Trade Waste Collection	c.£1.4m	Med to High	Income from waste recycling fees is exposed to changes in market prices and changes proposed by SCC.	Monthly monitoring of income against target and monitor the market fluctuations.	Green & Vibrant. Recycling rates.	CRR-51
Operational and Cemetery Services	£0.5m	Med	Reduction in the no of burials and memorials. Increased fuel costs impacting grounds maintenance.	Promote new space and services with cemetery. Regular budget monitoring reports in line with Financial Regulations.	Effective Council	CRR-51

COMMUNITY AND WELLBEING						
Risk	Budget (£M)	Rating	Key Risks	Action	Ref to proposed Key Priorities and Targets	Ref to Corporate Risk Register
Homelessness	c.£1.6m (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>Cost of living crisis impact on residents.</p> <p>Failure to achieve target to reduce net cost of service.</p>	<p>Continuing with preventative initiatives and alternative temporary accommodation options.</p> <p>Regular budget monitoring reports in line with Financial Regulations.</p> <p>Homeless grant reserve and the general fund working balance are held to manage budget pressures in the short term that cannot be mitigated by preventative or other action.</p>	Safe & Well.	CRR-107
Venues Income	c.£1m	Med	<p>Not reaching budgeted level of income from venues.</p> <p>Cost of living crisis impact on operation of venues.</p>	External provision for ECH and business plans for Playhouse and Bourne Hall.	Cultural & Creative. Effective Council.	CRR-51

			Additional operational costs.			
Community & Wellbeing Centre & Community Services Income	c.£0.8m	Med	Vulnerable client group only gradually to return to using these services following the pandemic.	Monitoring service delivery options. Regular budget monitoring.	Effective Council. Safe & Well.	CRR-51
Licensing & Planning Policy						
Risk	Budget (£M)	Rating	Key Risks	Action	Ref to proposed Key Priorities and Targets	Ref to Corporate Risk Register
Place Development Income	c.£0.7m	High	Risk of designation for planning decisions Non delivery of the Local Plan Income generated by services within LPPC is heavily linked to the development industry. For 2023/24 there is a specific risk that place development income target may not be realised due to the continuing cost of living crisis, lack of capacity and skills within the construction industry, interest rate uncertainty,	PPA agreements and funding to cover costs of staff for large developments. Monthly monitoring of income streams by Head of Service. This may begin to recover, but at the end of the financial year, should there be a deficit within the LPPC income that cannot be mitigated by preventative or other action, the Council holds the general fund working balance reserve to manage such budget pressures in the short term. During 2023/24, a report will be prepared for consideration at LPPC and then, if necessary, S&R committee, to expand	Opportunity & Prosperity. Green & Vibrant.	CRR-51

			and overall inflation leading to less development activity over the coming year.	on these complexities, address any longer-term issue, and to review the LPPC budget targets. These reports are targeted for presentation to LPPC in March 2023 and then, if necessary, S&R in July 2023.		
Local Plan	c.£1m	Med	Increased expenditure due to changes in government planning policy. Failure to produce Local Plan.	Local Plan project plan. Regular monitoring reports to LPPC committee.	Implement the Local Plan and the national planning statistics.	CRR-46
Licensing Income	c.£0.4m	Med	Not reaching budgeted level of letting income from licensing. Loss of key licensees (ie taxi operators) to neighbouring boroughs	Regular budget monitoring reports in line with Financial Regulations. Engagement with key licensees.	Effective Council	CRR-51