REVENUE BUDGET 2024/25 - RISK ASSESSMENT

This budget risk assessment fulfils a statutory requirement for the Council to consider the risks associated with future budget plans. While this deviates from the format of the Council's own corporate risk register, a reference link to the relevant corporate risk register is included in the final column.

STRATEGY & RESOURCES COMMITTEE						
Risk	**Budget (£M)**	**Rating**	**Key Risks**	**Action**	**Ref to proposed Key Priorities and Targets**	**Ref to Corporate / Committee Risk Register**
Impact of inflation, energy costs and cost-of-living crisis on services and financial resilience	All	**High**	Energy market volatility and inflation remain above recent historical average, resulting in increased costs for the Council. Reduced income from services and taxation due to social, health and economic impacts of potential recession.	Contingency included in revenue budget to mitigate impact of inflation. Pursue initiatives to reduce energy usage. Delivery of agreed savings to contain expenditure. Utilisation any government support schemes that are announced. Energy contracts secured at fixed prices to mitigate risks. Regular budget monitoring in accordance with Financial Regulations. Utilisation of reserves if required.	Effective Council.	F2<>S&R Corporate Risk Register
Reducing projected net expenditure	All	**High**	Fail to deliver savings and/or a balanced budget.	Delivery of the MTFS and the Efficiency Plan. Identify additional savings over the MTFS period.	Effective Council.	F2<>S&R Corporate Risk

						Register
External Funding	£0.5m New Homes Bonus c.£2m Business Rates £0.1m government grants	**Med**	Loss of income from the Fair Funding Review in future years. Reduction in New Homes Bonus funding. Potential recession or adverse local economic conditions resulting in loss of business rates.	Identification of other sources of funding. Monitoring government funding consultations and announcements. Continue to adopt policies that support economic development.	Effective Council.	F2<>S&R Corporate Risk Register
Failure to control salaries costs	c.£14m	**Med**	Increasing salaries cost and pressures on services.	Job evaluation. Updated Pay Policy from 2025/26. Monitoring of salaries and agency costs. Benchmarking with similar organisations.	Effective Council.	F2<>S&R Corporate Risk Register
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.	F2<>S&R Corporate Risk Register

Rental returns for the general fund	c.£3m	**High**	Failure to achieve the required rental returns from commercial property investments funded by borrowing. Loss of tenant. Future statutory or regulatory changes could seek to control Local Authority borrowing, and/or impact Minimum Revenue Provision charges in the revenue account.	Management of properties. Review of all purchasing opportunities and due diligence. Implement decisions at S&R meeting of January 2023. Use of property income equalisation reserve. Monitoring and communication of statutory changes.	Effective Council.	PR3 Strategy & Resources Committee Register
Income from EEPIC	c.£2.5m	**High**	Failure to achieve the required rental returns from commercial property investments funded by borrowing. Loss of tenant, resulting in reduced income during void period. Future statutory or regulatory changes could seek to control Local Authority borrowing, and/or impact Minimum Revenue Provision charges in the revenue account.	On-going management of properties and tenants, and assessment of options. Review of all new purchasing opportunities and due diligence. Use of property income equalisation reserve. Monitoring and communication of statutory changes.	Effective Council.	PR3 Strategy & Resources Committee Register

Maintain secure investment of reserves and cash balance through the Treasury Management Strategy	c.£25m cash balances (fluctuates during year)	**Low**	Generate a sound return on cash. Safeguard capital sums invested.	Annual review of Treasury Management Strategy. Monthly review of performance. Review of market risks using treasury management advisers.	Effective Council.	F2<>S&R Corporate Risk Register
Interest income from reserves and CIL/S106 balances used to support services	£1.125m	**Med**	The Council may not achieve budgeted interest income if interest rates fall faster than anticipated. 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.	Monitoring of cash and reserve balances. Business cases to include impact of significant investments on treasury management income. Regular review of treasury management income achievable. Monitoring of market outlook (ie interest rate expectations) using treasury management advisers. Expected establishment of an Interest Equalisation reserve to enable smoothing of interest returns.	Effective Council.	F2<>S&R Corporate Risk Register
Pension fund	£5.4m (Deficit on IAS19 basis as at 31 March 2023)	**Med**	The deficit is not addressed over the next 20 years.	Pension fund deficit payments of c.£900k per annum will continue to be made in line with independent actuarial recommendation through the triennial review.	Effective Council.	F2<>S&R Corporate Risk Register

Asset Management	c.£1m (direct exp)	**Med**	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. Backlog or deferred maintenance works could be required earlier than anticipated, putting pressure on reserves and maintenance budgets.	Implement the Asset Management Plan and refresh the plan at least annually. Property maintenance and prioritised repairs programme. Monitor tenant requirements and rent levels. Regular reviews by Senior Building Surveyor of the Council's estate.	Effective Council. Maximise opportunities to improve use of buildings.	F2<>S&R Corporate Risk Register
Retained Business Rates	c.£2m	**Med**	Loss of income from the Fair Funding Review/Levelling Up Agenda, and the Business Rates Retention scheme. Business rates collection lower than expected	Assess outcome of any government business rates retention reform and Fair Funding Review when published. Collection Fund Equalisation Reserve to mitigate income shortfalls in the short term.	Effective Council. 99% of business rates to be collected.	F2<>S&R Corporate Risk Register

Housing Benefit Subsidy	C.£14m	**Med**	Reduced recovery rate on benefits paid out. Increased demand for benefit payments due to recession. Staff retention/ recruitment. Welfare reforms.	Monitoring of benefit performance indicators. Quarterly monitoring of subsidy position. Recruitment and retention programme. Maintaining bad debt provision for claimant arrears. Manage the implementation of Universal credit.	Effective Council. Processing of new benefit claims in 22 days and change in circumstances in 11 days.	F2<>S&R Corporate Risk Register
Council Tax Income	c.£8m (EEBC element)	**Med**	Collection rates due to economy & changes to council tax benefits. Cash flow.	Billing & recovery arrangements designed to support collection targets, additional resource for local council tax support scheme. Collection performance reported to Directors monthly. Collection Fund separately managed on behalf of precept authorities (SCC & SP).	Effective Council. 98.70% of council tax collected.	F2<>S&R Corporate Risk Register
Building Control Contract	£0.1m expenditure	**Low**	Less control due to transfer to Elmbridge Building Control Service. Changes to economy further impacting on building control service.	Monitor implementation and integration with Elmbridge Building Control Service.	Effective Council. Safe & Well.	F2<>S&R Corporate Risk Register
Other local authority pressures and Surrey County Council's	Unknown impact on EEBC	**Med**	Loss of income from SCC. Reduced service. Increased costs.	Engage in devolution and transformation working groups as appropriate. Collaborate with other Districts on alternative proposals.	Effective Council. All priorities.	F2<>S&R Corporate Risk

transformation agenda could affect the whole of Surrey.			Loss of income from LB Sutton	Maintain engagement with SCC and LB Sutton.		Register
Delivery of identified savings (All Committees)	c.£1.4m over MTFS		There is a risk that if the savings are not delivered the Council's deficit position will widen further.	Officers will monitor income and costs throughout the year. Progress on meeting savings targets will be reports to members through quarterly budget monitoring.	Effective Council. All priorities.	F2<>S&R Corporate Risk Register

ENVIRONMENT COMMITTEE						
Risk	**Budget (£M)**	**Rating**	**Key Risks**	**Action**	**Ref to proposed Key Priorities and Targets**	**Ref to Corporate / Committee 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.	HC10 Environment Committee Risk Register
Domestic and Trade Waste Collection	c.£1.4m income	**Med to High**	Income from waste recycling fees is exposed to changes in market prices and changes proposed by SCC. The Health & Safety Executive (HSE) investigation into December 2021's incident involving a waste collection vehicle could result in a settlement payment, and/or additional costs if the vehicle remains impounded during	Monthly monitoring of income and expenditure against target and monitor the market fluctuations. £250,000 provision set-aside for outcome of HSE investigation.	Green & Vibrant. Recycling rates.	F2<>S&R Corporate Risk Register

			2024/25.			
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	F2<>S&R Corporate Risk Register

COMMUNITY AND WELLBEING						
Risk	**Budget (£M)**	**Rating**	**Key Risks**	**Action**	**Ref to proposed Key Priorities and Targets**	**Ref to Corporate / Committee Risk Register**
Homelessness	c.£2m (net expenditure)	**High**	Significant increase in number of households requiring temporary accommodation. Lack of affordable housing therefore unable to move households out of TA. Cost of living crisis impact on residents. Failure to achieve target to reduce net cost of service.	Continuing with preventative initiatives and alternative temporary accommodation options. Regular budget monitoring reports in line with Financial Regulations. 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.	Safe & Well.	HC9<>C&W Corporate Risk Register
Venues Income	c.£1m	**Med**	Not reaching budgeted level of income from venues. Cost of living crisis impact on operation of venues.	External provision for Ewell Court House and business plans for Playhouse and Bourne Hall.	Cultural & Creative. Effective Council.	OS20 Community & Wellbeing Committee Register

			Additional operational costs.			
Income from Rainbow Leisure Centre	c.£0.4m	**Med**	Contract due for renewal in September 2025 creates a risk to this income stream. New contract may achieve lower level of income, or require significant upfront investment to secure new contract.	Monitoring service delivery options. Engagement of specialist support to manage tender process. Competitive tender process to secure best value.	Effective Council Safe & Well.	PCR21 Strategy & Resources Committee Register
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.	OS20 Community & Wellbeing Committee Register
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	PPA agreements and funding to cover costs of staff for large developments. Monthly monitoring of income streams by Head of Service.	Opportunity & Prosperity. Green & Vibrant.	PD19 Licensing & Planning Policy

			heavily linked to the development industry, therefore an adverse economic environment could adversely impact planning application income.			Committee Register
Local Plan	c.£1.4m	**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.	PD14<>LPP Corporate Risk Register
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	HC25 Licensing & Planning Policy Committee Register