

REVENUE BUDGET 2025/26 – 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	Mitigations & Controls	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	<p>Energy market volatility and inflation remain above recent historical average, resulting in increased costs for the Council.</p> <p>Reduced income from services and taxation due to social, health and economic impacts of potential recession.</p> <p>Impact on services as residents may require additional support, particularly homelessness</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>Energy contracts secured at fixed prices to mitigate risks.</p> <p>Regular budget monitoring in accordance with Financial Regulations.</p> <p>Utilisation of reserves if required.</p>	Effective Council.	<p>F2<>S&R</p> <p>Corporate Risk Register</p>
Reducing projected net expenditure	All	High	Fail to deliver savings and/or a balanced budget.	Delivery of the MTFs and the Efficiency Plan.	Effective Council.	F2<>S&R

				Identify additional savings over the MTFS period and to start this work early in the 2025/26 financial year, to enable sufficient time for consideration for the 2026/27 budget		Corporate Risk Register
External Funding	£0.7m EPR funding £2.1m Business Rates £0.4m governm ent grants	Med	Loss of income from the Fair Funding Review in future years. Reduction in Extended Producer Responsibility (EPR) income in future years 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. Prudent assumptions around EPR income, particularly in future years – assumed to fall by 50% from 2025/26 to 2026/27	Effective Council.	F2<>S&R Corporate Risk Register
Failure to control salaries costs	£15m	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.	Effective Council.	F2<>S&R Corporate Risk Register

				<p>If required, borrow through the PWLB at fixed rates.</p> <p>Utilise external, specialist treasury advisors for advice.</p>		
Rental returns for the general fund	£3.7m	High	<p>Failure to achieve the required rental returns from commercial property investments funded by borrowing.</p> <p>Loss of tenant.</p> <p>Future statutory or regulatory changes could seek to control Local Authority borrowing, and/or impact Minimum Revenue Provision charges in the revenue account.</p>	<p>Management of properties.</p> <p>Review of all purchasing opportunities and due diligence.</p> <p>Use of property income equalisation reserve.</p> <p>Monitoring and communication of statutory changes.</p>	Effective Council.	<p>PR3</p> <p>Strategy & Resources Committee Register</p>
Income from EEPIC	£1.4m	High	<p>Failure to achieve the required rental returns from commercial property investments funded by borrowing.</p> <p>Loss of tenant, resulting in reduced income during void period.</p>	<p>On-going management of properties and tenants, and assessment of options.</p> <p>Review of all new purchasing opportunities and due diligence.</p> <p>Use of property income equalisation reserve.</p> <p>Monitoring and communication of statutory changes.</p>	Effective Council.	<p>PR3</p> <p>Strategy & Resources Committee Register</p>

			Future statutory or regulatory changes could seek to control Local Authority borrowing, and/or impact Minimum Revenue Provision charges in the revenue account.			
Maintain secure investment of reserves and cash balance through the Treasury Management Strategy	£25m 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>Monthly review of performance.</p> <p>Review of market risks using treasury management advisers.</p>	Effective Council.	<p>F2<>S&R</p> <p>Corporate Risk Register</p>
Interest income from reserves and CIL/S106 balances used to support services	£1m	Med	<p>The Council may not achieve budgeted interest income if interest rates fall faster than anticipated.</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>Expected establishment of an Interest Equalisation reserve to enable smoothing of interest returns.</p>	Effective Council.	<p>F2<>S&R</p> <p>Corporate Risk Register</p>
Pension fund	£2.35m net asset position	Med	The deficit is not addressed over the next 20 years.	Although the scheme moved from many years of deficit to an asset position as at 31 March 2024, small movements in key	Effective Council.	F2<>S&R

	at 31 March 2024			<p>assumptions can have a significant impact on the future obligations of the scheme. Therefore, the risk remains as previously evaluated.</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.</p> <p>Impact of triennial review of pension contributions to be factored into 2026/27 budget, once completed</p>		Corporate Risk Register
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>Backlog or deferred maintenance works could be required earlier than anticipated, putting pressure on reserves and maintenance budgets.</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>Regular reviews by Senior Building Surveyor of the Council's estate.</p>	<p>Effective Council.</p> <p>Maximise opportunities to improve use of buildings.</p>	<p>F2<>S&R</p> <p>Corporate Risk Register</p> <p>PR15 Climate Change – Building Emissions</p> <p>S&R Risk Register</p>

Retained Business Rates	£2.1m	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>	<p>F2<>S&R</p> <p>Corporate Risk Register</p>
--------------------------------	-------	------------	---	--	---	---

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>Welfare reforms.</p>	<p>Monitoring of benefit performance indicators.</p> <p>Quarterly monitoring of subsidy position.</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>	<p>F2<>S&R</p> <p>Corporate Risk Register</p>
Council Tax Income	£7.8m (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>Around 99% of council tax collected.</p>	<p>F2<>S&R</p> <p>Corporate Risk Register</p>
Building Control Contract	£0.1m expenditure	Low	<p>Contract managed by Elmbridge following transfer of service.</p>	<p>Continue to work closely with Elmbridge Building Control Service to ensure smooth integration.</p>	<p>Effective Council.</p> <p>Safe & Well.</p>	<p>F2<>S&R</p>

			Changes to economy further impacting on building control service.			Corporate Risk Register
Other local authority pressures and Surrey County Council's transformation agenda could affect the whole of Surrey.	Unknown impact on EEBC	Med	<p>Loss of income from SCC.</p> <p>Reduced service for residents during change process.</p> <p>Increased costs to plan for integration.</p>	<p>Engage in devolution and transformation working groups as appropriate.</p> <p>Collaborate with other Districts on alternative proposals.</p>	Effective Council. All priorities.	<p>F2<>S&R</p> <p>Corporate Risk Register</p> <p>E03 S&R Risk Register</p>
Delivery of identified savings (All Committees)	£1m over MTFS		There is a risk that if the savings are not delivered the Council will overspend against budget.	<p>Officers will monitor income and costs throughout the year.</p> <p>Progress on meeting savings targets will be reports to members through quarterly budget monitoring.</p>	Effective Council. All priorities.	<p>F2<>S&R</p> <p>Corporate Risk Register</p>

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.£4.8m	Med	Income from off street car parks is exposed to adverse weather and economic conditions that can have significant effect on usage.	<p>Monthly monitoring and work analysing individual car park performance against target.</p> <p>Work to reduce costs following loss of on-street parking income to SCC.</p>	Effective Council.	<p>HC10</p> <p>Environment Committee Risk Register</p>
Domestic and Trade Waste Collection	c.£1.6m income	Med to High	<p>Income from waste recycling fees is exposed to changes in market prices and changes proposed by SCC.</p> <p>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 2024/25.</p>	<p>Monthly monitoring of income and expenditure against target and monitor the market fluctuations.</p> <p>£250,000 provision set-aside for outcome of HSE investigation.</p>	Green & Vibrant. Recycling rates.	<p>F2<>S&R</p> <p>Corporate Risk Register</p>

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	<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.	<p>HC9 & HC13<>C&W</p> <p>Corporate Risk Register</p>
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 Ewell Court House and business plans for Playhouse and Bourne Hall.	<p>Cultural & Creative.</p> <p>Effective Council.</p>	<p>OS20</p> <p>Community & Wellbeing Committee Register</p>

			Additional operational costs.			
Income from Rainbow Leisure Centre	c.£0.4m	Med	<p>Contract due for renewal in September 2025 creates a risk to this income stream.</p> <p>New contract may achieve lower level of income or require significant upfront investment to secure new contract.</p>	<p>Monitoring service delivery options.</p> <p>Engagement of specialist support to manage tender process.</p> <p>Competitive tender process to secure best value.</p>	Effective Council Safe & Well.	<p>PCR21</p> <p>Strategy & Resources Committee Register</p>
Community & Wellbeing Centre & Community Services Income	c.£0.5m	Med	Vulnerable client group only gradually to return to using these services following the pandemic.	<p>Monitoring service delivery options.</p> <p>Regular budget monitoring.</p>	Effective Council. Safe & Well.	<p>OS20</p> <p>Community & Wellbeing Committee Register</p>
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.£0.6m	High	<p>Risk of designation for planning decisions</p> <p>Non delivery of the Local Plan</p> <p>Income generated by services within LPPC is heavily linked to the</p>	<p>PPA agreements and funding to cover costs of staff for large developments.</p> <p>Monthly monitoring of income streams by Head of Service.</p>	<p>Opportunity & Prosperity.</p> <p>Green & Vibrant.</p>	<p>PD19</p> <p>Licensing & Planning Policy</p>

			development industry, therefore an adverse economic environment could adversely impact planning application income.			Committee Register
Local Plan	c.£1.4m	Med	<p>Increased expenditure due to changes in government planning policy.</p> <p>Failure to produce Local Plan.</p>	<p>Local Plan project plan.</p> <p>Regular monitoring reports to LPPC committee.</p>	Implement the Local Plan and the national planning statistics.	<p>PD14<->LPP</p> <p>Corporate Risk Register</p>
Licensing Income	c.£0.6m	Med	<p>Not reaching budgeted level of letting income from licensing.</p> <p>Loss of key licensees (ie taxi operators) to neighbouring boroughs</p>	<p>Regular budget monitoring reports in line with Financial Regulations.</p> <p>Engagement with key licensees.</p>	Effective Council	<p>HC25</p> <p>Licensing & Planning Policy Committee Register</p>