

**MTFS and Budget Strategy 2020/21 - Risk Analysis
Budget Risks**

Appendix A5

| Risk No. | Likelihood | Impact | Score | Mitigation |
|----------|------------|--------|-------|---|
| 1 | 4 | 3 | 12 | <p>Project established to implement the changes. Project includes collection of costs associated with the project with the aim of recovering costs via the New Burdens doctrine.</p> <p>Monitor government communications on the change and reflect within updates to MTFS as appropriate.</p> <p>Respond to any consultation and lobby to protect Council's position.</p> <p>Local Government Association and Local Land Charges Institute working with local authorities during the transition.</p> |
| 2 | 4 | 3 | 12 | <p>Gloucestershire County Council have decided to pull out of the framework contract arrangement which operate across Gloucestershire. This means that the Council is tendering for the following services related to off-street car parking for this Council: ICT back office processing contract Enforcement contract Cashless parking contract There is a risk of costs increasing due to loss of economies of scale.</p> |
| 3 | 3 | 3 | 9 | <p>MTFS reflects latest advice upon impact of 75% business rates scheme from 2021/22, assumes full business rate reset. New Homes Bonus legacy only payments assumed from 2021/22. Savings targets updated. Council developing a Commercialisation Strategy to address changes to funding.</p> <p>Respond to the government consultation documents e.g. Fairer Funding Review, Business Rates Retention, Spending Review 2020.</p> <p>Review final central government decisions and model financial impact.</p> <p>Consider advice from external experts in drafting responses e.g. SPARSE, Pixel Consulting, LG Futures.</p> |
| 4 | 3 | 3 | 9 | <p>Horizon scanning.</p> <p>Responding to consultation documents.</p> <p>Lobbying as appropriate</p> |
| 5 | 3 | 3 | 9 | <p>MTFS includes financial implications of new Corporate Strategy. This risk links to risk 1 regarding Government funding which is the biggest risk to deliverability of teh objectives in the new Corporate Strategy.</p> |

If there are insufficient resources to deliver the objectives of the new Corporate Strategy then the expectations of our communities may not be met resulting in lower satisfaction and reputational damage.

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Likelihood Impact Score Mitigation

| Risk No. | Description | Likelihood | Impact | Score | Mitigation |
|----------|---|------------|--------|-------|--|
| 6 | Expenditure Risk - if unavoidable budget pressures exceed provision within the MTFS then the Council may need to find additional income or savings, use reserves or there may be pressure on services or tax levels and agreed budget targets will not be achieved. | 3 | 3 | 9 | <p>The MTFS contains provision for the increased cost of the environmental services contract with Ubico Ltd.</p> <p>The Council has declared a Climate Emergency which requires financial resources. Funding for a Climate Change Manager and one-off funding has been made available from earmarked reserves to fund research which will enable a costed action plan to be developed.</p> <p>There is a downturn in material markets, textile and paper, values have reduced significantly. Ubico is reporting that the costs of its Corporate Overhead are exceeding budget in 2019/20.</p> <p>Gloucestershire County Council has decided that garden waste will now need to be delivered to a depot outside of the District, rather than to Love Lane, which will increase the Ubico contract cost. There is provision for reduced recycling incentive scheme income from Gloucestershire County Council of £45,000 in the budget for 2020/21. It is likely that some or all of this budget growth item can be reallocated to mitigate against the additional costs of transferring waste to the new depot site during 2020/21. There remains a risk of Ubico costs increasing in excess of the budget growth which is included in the budget for 2020/21</p> |
| 7 | Successful business rates appeals impact upon locally retained business rates. | 3 | 3 | 9 | <p>A provision for successful business rates appeals has been created.</p> <p>Regular updates on business rates appeals available from VAO and data on new Check, Challenge, Appeal process.</p> |
| 8 | The Council is part of the pilot Gloucestershire 50% Business Rates Retention Pool. This increases both the risks and rewards available from the business rates scheme. | 3 | 3 | 9 | <p>Regular liaison with VAO regarding national trends, local matters.</p> <p>Each Council has made provision for outstanding business rates appeals. Financial modelling indicates that the pool will provide a significant benefit across the County. However, there are risks of future unforeseen business rates appeals which would be borne by the Councils due to the increased level of safety net associated with the pool.</p> |
| 9 | Failure of Transformation Programme delivered by Publica to deliver savings | 3 | 3 | 9 | <p>Progress in preparing actions to deliver against business case targets for 2020/21 are not as advanced as hoped to deliver full assurance that the remaining business case savings will be achievable in 2020/21 but an agreed savings target has been included in draft budgets.</p> |
| 10 | Increases to LGPS contributions resulting from triennial review of GCC pension fund exceed provision for growth in MTFS | 3 | 3 | 9 | <p>MTFS has been updated to include the outcome of the recent actuarial valuation of the LGPS. This includes the financial benefit of making a lump sum contribution in respect of the pension fund deficit.</p> <p>Regular liaison with actuary through Gloucestershire County Council</p> |
| 11 | Level of pay inflation exceeds provision in the MTFS | 3 | 3 | 9 | <p>Negotiations are ongoing with regard to the 2020/21 pay award. Unions have submitted a claim for 10%, the MTFS provides for 2.5%.</p> |

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| 12 | 3 | Investment in Cirencester car parking is higher than currently provided for in budget | 3 | 9 Cirencester car parking Board in place. Full report on project, including financial impact and project plan due to be considered by the Council in 2020. |
| 13 | 3 | If the Council is unable to meet the savings required to balance the budget then it may need to make unplanned use of revenue reserves, raise council tax, find further savings and/or cut services. | 3 | 9 The level of savings required as a result of changes to local government funding changes, which will come in to effect in 2021/22, remains unclear. The Council is developing contingency plans/Commercialisation Strategy to deliver the savings, or generate additional income. The budget includes proposals to increase car parking charges and council tax. Budget consultation includes proposals for increases to green waste charges. £65 million has been included in the capital programme to provide funding for the Commercialisation Strategy. |
| 14 | 3 | Failure to meet income budgets | 3 | 9 Planning income has been falling, budget reduced for 2020/21 9 Budgetary control processes 9 Appropriate marketing of services and consideration of effective charging levels 9 Property services review and monitoring of commercial property investments. |
| 15 | 4 | Transfer of responsibility for housing benefit fraud to Department for Works and Pensions may impact upon identification of and recovery of fraudulent housing benefit claims leading to adjustment to budget | 2 | 8 Budget monitoring. 8 Counter fraud unit in place to help identify potential fraudulent activity across the Council. 8 DWP consulting with Officers regarding joint working on HB and LCTS fraud. |
| 16 | 3 | If the Government does not provide adequate funding to the Council to enable it fulfil expectations of the Council's roles in preparations for the UK exit from the EU, there could be negative implications on the Council's reputation or the Council's finances. | 2 | 6 A Brexit Risk Register is being maintained. Funding of £53k received from government. |
| 17 | 3 | Unavoidable budget pressures exceed provision | 2 | 6 This is monitored as part of the annual update to the MTFFP and as part of regular budget monitoring |
| 18 | 3 | Housing and Planning Bill potential impact upon capital right to buy receipts | 2 | 6 Monitor situation, update MTFS as appropriate. |
| 19 | 2 | Publica unable to achieve budgeted salary underspend | 3 | 6 Budgetary control processes - salary underspend target passed to Publica 6 Budget reducing to reflect more sharing and therefore less capacity to be able to continue with business without filling vacant posts as quickly possible. |

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| 20 | 2 | 3 | 6 | Effective engagement with key stakeholders over key decisions. Controls over preparation and authorisation of Member/Officer decision making reports Role of Monitoring Officer |
| 21 | 3 | 2 | 6 | Banded local council tax support scheme introduced for 2019/20. Improving economic conditions has lead to a lower cost of the scheme in recent years. Housing growth in the District will help to offset the impact of any increases in LCTS. Robust processes for collection of council tax debt in place, collection fund surpluses may be available to offset future costs arising from the LCTS. |
| 22 | 3 | 2 | 6 | Prudent estimates of growth to be included in estimate of council tax base each year. |
| 23 | 3 | 2 | 6 | HLF Funded project requiring robust project management. Finance Officer part of project team Reporting to Cabinet Member by service area Budget reporting processes Additional funding approved by Council in 2019 Funding being made available in 2020/21 to provide additional resources to support fund raising to mitigate risk of any further requests for additional funding. |