

Appendix E – Finance Risk Register

Risk	Likelihood	Impact	Residual Risk Score	Mitigating Action
1. Increase in borrowing interest rates	3	3	9 High	Interest rates are continually monitored as they increased to an average of 3 - 4% compared to <1% 12 months earlier. This has a positive impact on the investment income received although should the Council consider external borrowing then there is now an additional resource pressure as borrowing rates have increased significantly in the past few months
2. Capital programmes requiring borrowing in the medium term	4	3	12 Very High	Continue to undertake financial modelling to identify consequences of undertaking borrowing and align this with savings that will need to be approved before borrowing is undertaken in order to ensure ongoing affordability and financial sustainability. The capital programme can currently be financed without borrowing although this is kept under review.
3. Lack of clarity for funding levels from 2024/25 and beyond	3	3	9 High	The Government announced a one year settlement along with high level financial planning assumptions for 2024/25. Any changes to the assumed levels will need to be modelled to assess their impact.
4. Fluctuation in business rates	2	2	4 Medium	The economic impact of the pandemic is yet to be fully determined which may have an adverse impact on the business rate base. Monthly reviews are in place to assess any adverse impact on the collectible amount.
5. Increase in bad debts as a result of economic circumstances	3	2	6 High	The Council has pro-active debt management procedures in place.
6. Increased maintenance costs of fixed assets	3	2	6 High	The budget proposals for 2022/23 include a significant increase in the maintenance budgets for both leisure centres (£150k pa) and one-off budget of £400k. The medium term outlook is a continuation of high levels of maintenance that will require financing
7. Inflation increases beyond budgeted levels	2	3	6 High	Budget assumptions kept up to date with most recent projections and monthly sensitivity analysis is produced to monitor the impact of inflationary increases.
8. Fee Income volatility	2	2	4 Medium	Early monitoring of deviations and regular reporting to both budget holders and members.
9. Fuel and utility price volatility	2	3	9 High	Weekly monitoring of fuel charge and proactive interventions to ensure optimisation of fuel consumption. Utility cost increases will continue to have an adverse impact on the Council finances.

10. Inadequate capital resources to finance future desired plans	3	3	9 High	Asset disposal programme approved and pipeline of asset disposal in progress in order to generate capital receipts.
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