

## Appendix E – Finance Risk Register

| Risk  | Likelihood | Impact | Residual Risk Score | Mitigating Action   |
|---|------------|--------|---------------------|---|
| 1. Increase in borrowing interest rates                         | 3          | 3      | 9<br>High           | Interest rates are continually monitored as they increased to an average of 4 - 5% 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<br>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. Fluctuation in business rates                                | 2          | 2      | 4<br>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.  |
| 4. Increase in bad debts as a result of economic circumstances  | 3          | 2      | 6<br>High           | The Council has pro-active debt management procedures in place.   |
| 5. Increased maintenance costs of fixed assets                  | 3          | 2      | 6<br>High           | The budget proposals for 2023/24 propose a continuation of budget provision of investment in maintenance and repair of the Council's commercial and operational assets. The medium term outlook is a continuation of high levels of maintenance that will require financing   |
| 6. Inflation increases beyond budgeted levels                   | 2          | 3      | 6<br>High           | Budget assumptions kept up to date with most recent projections and monthly sensitivity analysis is produced to monitor the impact of inflationary increases.   |
| 7. Fee Income volatility  | 2          | 2      | 4<br>Medium         | Early monitoring of deviations and regular reporting to both budget holders and members.  |
| 8. Fuel and utility price volatility                            | 2          | 3      | 6<br>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.  |
| 9. Inadequate capital resources to finance future desired plans | 3          | 3      | 9<br>High           | Asset disposal programme approved and pipeline of asset disposal in progress in order to generate capital receipts.   |

Risk Matrix

|        |  |   |                                |                                     |  |   |
|--------|--|---|--------------------------------|-------------------------------------|--|---|
| Impact | <div>Critical<br/>None or very low tolerance to the risk</div> | 4 | 4<br>Medium                    | 8<br>High                           | 12<br>Very High                            | 16<br>Very High                                 |
|        |  | 3 | 3<br>Medium                    | 6<br>High                           | 9<br>High                                  | 12<br>Very High                                 |
|        |  | 2 | 2<br>Low                       | 4<br>Medium                         | 6<br>High                                  | 8<br>High                                       |
|        |  | 1 | 1<br>Low                       | 2<br>Low                            | 3<br>Medium                                | 4<br>Medium                                     |
|        |  |   | 1                              | 2                                   | 3  | 4   |
|        |  |   | Unlikely                       | Possible                            | Likely                                     | Certain   |
|        |  |   | Low but not impossible<br><20% | Fairly likely to occur<br>21% - 50% | More likely to occur than not<br>51% - 80% | Expected to occur in most circumstances<br>>80% |
|        |  |   | Likelihood                     |                                     |  |   |