

## Appendix A – Finance Risk Register

Risk	Likelihood	Impact	Residual Risk Score	Mitigating Action
1. 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.
2. Lack of clarity for funding levels from 2026/27 and beyond	4	3	12 Very High	The Government has recently concluded a consultation on a multi-year settlement effective from 2026/27. Initial modelling suggests that there will be a funding reduction over the three year period but it is expected that transitional funding arrangements will be in place. There remains a high degree of uncertainty as the Council will not receive specific funding confirmation until December 2025. The budget process will be undertaken within the context of a reduction in funding levels.
3. Increase in bad debts as a result of economic circumstances	3	2	6 High	The Council has pro-active debt management procedures in place.
4. Increased maintenance costs of council assets	3	2	6 High	The budget proposals for 2025/26 included additional funding to help address backlog asset maintenance issues and capacity is under review to support the delivery of several large scale General Fund property projects. The medium-term outlook is a continuation of high levels of maintenance that will require financing. There are similar pressures for the Housing Revenue Account in respect of the social housing stock – additional investment may be required to meet new government requirements for decent homes standard.
5. Fuel price volatility	1	3	3 Medium	Weekly monitoring of fuel charge and proactive interventions to ensure optimisation of fuel consumption.
6. Inflation increases beyond budgeted levels	2	2	4 Medium	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 Medium	Early monitoring of deviations and regular reporting to both budget holders and members.