

Appendix B - Finance Net 'High' Risks September 2023

REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press alt & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			DATE LAST REVIEWED:	18/09/23	
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING	FURTHER ACTION REQUIRED		RISK OWNER
5	Finance	Failure to deliver a sustainable Financial Strategy which meets with Making Bromley Even Better priorities and failure of individual departments to meet budget	<p>Cause(s):</p> <ol style="list-style-type: none"> The 2023/24 Draft Budget report to Executive identified the need to reduce the Council's 'budget gap' of £28.6m per annum by 2026/27. The Council received a one-year financial settlement for 2023/24, with various funding allocations for 2024/25, creates uncertainty on funding levels for the medium term. The fundamental review of local government funding through the Fair Funding Review and Business Rate review is now expected to be delayed until at least 2025/26 which adds to financial uncertainty in considering the impact on the financial forecast for 2024/25 to 2026/27. Apart from cost/growth pressures relating to SEN, social care and homelessness, the significant cost increases relating to inflation continue for some time and uncertainty on the future timing of the Adult Social Reforms remain. These factors can have a significant impact on the future years' 'budget gap' identified above. More background is included in the Draft 2023/24 Budget and Update on the Council's Financial Strategy 2024/25 to 2026/27 report to Executive on 18th January 2023 and 2023/24 Council Tax report of 6th February 2023. Failure to meet departmental budgets due to increased demand on key services resulting in overspends: Housing (homelessness and cost of bed and breakfast); Adult Social Care (reforms and ageing population); Children's Social Care; Education (central costs and high needs transport); Waste (growing number of households) and limited delivery of planned mitigation savings. The risk of the Council not being able to carry out its statutory duties (e.g. pupil admissions, school improvement, child protection) as a consequence of funding pressures not being met. Dependency on external grants to fund services (schools and housing benefits are ring-fenced) - effect if grant reduces (Public Health services) or ceases. Increases in national living wage will have cost implications to the Council over the next few years (e.g. care providers and carers). Local government may be required to take on new funding responsibilities in the future without adequate funding. Impact of future welfare reforms and the phased roll out of Universal Credit. Failure to identify and highlight frauds and weaknesses in the system of internal control (which invariably have a financial impact). Overall, fraud losses are mainly benefit related (Council Tax Support / Single Person Discount). <p>Effect(s):</p> <ul style="list-style-type: none"> Increased overspends in particular services Council unable to carry out its statutory duties due to services cuts Reputational damage 	Financial - Operational	5	5	25	<p>Strategic Controls:</p> <ol style="list-style-type: none"> Regular update to forward forecast Regular analysis of funding changes and new burdens including full year impact Early identification of future savings required Transformation options considered early in the four year forward planning period Budget monitoring to include action from relevant Director to address overspends including action to address any full year additional cost Mitigation of future cost pressures including demographic changes Quarterly review of growth pressures and mitigation Continue to progress with opportunities for the Transformation Review towards meeting future year budget gap <p>Operational Controls:</p> <ol style="list-style-type: none"> Management of Risks document covering inflation, capping, financial projections etc. attached to budget reports Departmental risk analysis Reporting of financial forecast updates in year to provide an update of financial impact and action required Obtain monthly 'need' / current data to assist in any early action required Obtain regular updates / market intelligence Reporting full year effect of budget variations Analysis of government plans and changes 	4	5	20	The Council continues to explore transformation opportunities to help meet the ongoing budget gap	Director of Finance	