

## Appendix B - Finance Risk Register Extract

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:	
					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><b>Cause(s):</b></p> <ol style="list-style-type: none"> <li>The 2024/25 Draft Budget report to Executive identified the need to reduce the Council's 'budget gap' of £38.76m per annum by 2027/28. The Council received a one-year financial settlement for 2024/25, which creates uncertainty on funding levels for the medium term.</li> <li>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 2026/27 which adds to financial uncertainty in considering the impact on the financial forecast for 2025/26 to 2027/28. Apart from cost/growth pressures relating to SEN, social care and homelessness, the significant cost increases relating to inflation continue for some time. These factors can have a significant impact on the future years' 'budget gap' identified above. More background is included in the Draft 2024/25 Budget and Update on the Council's Financial Strategy 2025/26 to 2027/28 report to Executive on 17th January 2024 and 2024/25 Council Tax report of 7th February 2024.</li> <li>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 (demographic changes including ageing population); Children's Social Care, Education (central costs and high needs transport), Waste (growing number of households), Dedicated Schools Grant deficit increases and limited delivery of planned mitigation savings.</li> <li>New capital schemes may be required with the associated revenue impact (including financing) adding to the Council's 'budget gap' to meet.</li> <li>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.</li> <li>Dependency on external grants to fund services (schools and housing benefits are ring-fenced) - effect if grant reduces (Public Health services) or ceases.</li> <li>Increases in national living wage will have cost implications to the Council over the next few years (e.g. care providers and carers).</li> <li>Local government may be required to take on new funding responsibilities in the future without adequate funding.</li> <li>Impact of future welfare reforms and the phased roll out of Universal Credit.</li> <li>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).</li> </ol> <p><b>Effect(s):</b></p> <ul style="list-style-type: none"> <li>Increased overspends in particular services</li> <li>Council unable to carry out its statutory duties due to services cuts</li> <li>Reputational damage</li> </ul>	Financial - Operational	5	5	25	<p>Strategic Controls:</p> <ol style="list-style-type: none"> <li>Regular update to forward forecast</li> <li>Regular analysis of funding changes and new burdens including full year impact</li> <li>Early identification of future savings required</li> <li>Transformation options considered early in the four year forward planning period</li> <li>Budget monitoring to include action from relevant Director to address overspends including action to address any full year additional cost</li> <li>Mitigation of future cost pressures including demographic changes</li> <li>Quarterly review of growth pressures and mitigation</li> <li>Continue to progress with opportunities for the Transformation Reviews towards meeting future years' budget gap.</li> </ol> <p>Operational Controls:</p> <ol style="list-style-type: none"> <li>Management of Risks document covering inflation, capping, financial projections etc. attached to budget reports</li> <li>Departmental risk analysis</li> <li>Reporting of financial forecast updates in year to provide an update of financial impact and action required</li> <li>Obtain monthly trend / current data to assist in any early action required</li> <li>Obtain regular updates / market intelligence</li> <li>Reporting full year effect of budget variations</li> <li>Analysis of government plans and changes</li> </ol>	4	5	20	The Council continues to explore transformation opportunities to help meet the ongoing budget gap	Director of Finance