

APPENDIX 2

	Likelihood	Impact	Mitigation
Future available resources less than assumed	Likely	High	Annual review of reserves. General Fund Working Balance increased Volatility/Contingency earmarked reserves in place. Planning for future reductions above those assumed in the MTFP would be implemented. However, the GFB can support any medium term shortfall.
Commercial Projects do not deliver anticipated benefits	Possible	Medium	Project management and monitoring. Risk Register for each project Appropriate and robust due diligence. Commercial contingency of £100k in base budget
Council is unable to provide a balanced budget in future years	Unlikely	Medium	The Council has an adequate level of General Fund Reserves to support balancing the budget over the MTFP should it be required.
Volatility of Business Rates	Possible	Medium	Volatility of funding stream outside of Council control and effects of the latest revaluation on rateable values. Impact mitigated by establishment of an earmarked reserve.
Pay and price increases above budgeted assumptions	Possible	Medium	Assumption of 3% pay increase for 2026/27 and then 2.5% annually built into MTFP. Contractual inflation is included in budget. Average utilities % applied. Improved commissioning and procurement expected
Future spending plans	Possible	Low	All Services carry out effective horizon scanning with profile of service demands (past and future). This informs the MTFP budget modelling throughout the year. Pressures are dealt with as they arise. Contingencies and risk reserves in place.
Inability to balance budget in medium term	Possible	High	A three year local government finance settlement gives the Council a degree of certainty in the short to medium term. A principle is in place to maintain General Reserve at £2.0m - £2.5m due to future funding and economic uncertainty. Balance of £2.1m in the budget stability reserve.

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Income targets not achieved	Likely	Medium	Income has been substantially affected and in the current economic climate recovery is likely to take some time. A commercial contingency budget of £100k mitigates impacts and government funding for impact of covid announced for April-June. Regular monitoring and reporting is undertaken with a full review of fees and charges annually which incorporates trend analysis and future demand estimations. Commercial trading monitor volumes and pricing. Appropriate due diligence for commercial property investments undertaken.
Revenue implications of capital programmes not fully anticipated	Possible	Low	Capital bid approval identifies revenue implications and links to Council priorities. Full analysis of revenue implications assessed and considered in scenario planning and in business case development.
Loss of principal investments	Unlikely	Medium	Limited by the controls in the Treasury Management Strategy which prioritise security of deposit over returns on a risk based approach. Impact limited due to the strategy of a diverse portfolio with high rated institutions.
Local Government Reorganisation	Likely	Medium	The Council is due to be reorganised with a start date of a new authority being 1 st April 2028. The Council will need to find funding to contribute towards setup costs. These costs are unknown currently but experience in other areas of the country suggest this figure could be in excess of £1m. This will need to be found from earmarked reserves. There could also be additional cost implications if consultants are required to undertake LGR ready work or specific projects linked to LGR.
The cultural change and capability required to deliver against the Council's aspiration may not	Possible	Low	The officer Theme Boards will ensure that the project management framework is effective and that robust business cases are developed prior to approval of projects and that projects are monitored, with issues being

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be realised as quickly as the financial cuts, as changes in business models can take large organisations a number of years to realise regardless of the sector			raised and escalated at an early stage for consideration.
Pay Awards are higher than Budgeted	Possible	Medium	The Council makes an estimate of future pay awards when setting its MTFS, there is a risk that the pay awards are higher than budgeted and therefore reserves would be required in the short term to balance the budget until savings were made to balance the MTFS.
Council decides to use its reserves for service investment or capital projects	Possible	Medium	The Council is currently internally borrowed against its capital financing requirement therefore significant expenditure funded by reserves would mean higher borrowing costs than are currently budgeted for.
The assumptions contained within the MTFP are not realised	Likely	Low	Prudent assumptions are included in MTFP. A contingency budget, the General Fund Working Balance, in addition to a significant number of reserves are held to mitigate any in year financial risks or volatility relating to income, or increases in expenditure, and which can be utilised in the event of variations to the assumptions made
Recruitment and Retention of skilled staff	Likely	High	The increased use of agency/ consultants brought in to do the right jobs.