

## RISK ASSESSMENT AND SENSITIVITY ANALYSTS

Risk	Likelihood	Seriousness	How we will manage the risk
Non achievement of income targets	Medium	High	<ul style="list-style-type: none"> <li>• See sensitivity analysis below for high risks areas</li> </ul>
Fluctuations in inflation, Government Grants and changes in legislation	Medium	High	<ul style="list-style-type: none"> <li>• Reviewed through the Financial Strategy and monitored throughout the year.</li> <li>• Any changes in legislation fully considered</li> <li>• Ensure that the minimum level of reserves is maintained to mitigate against risks</li> </ul>
Budgets are overspent	Medium	High	<ul style="list-style-type: none"> <li>• Robust budget setting process</li> <li>• Regular monitoring with corrective action</li> <li>• Develop a culture of awareness</li> <li>• Ensure budget holders have ownership of their budgets</li> <li>• Effective project planning and management</li> <li>• Ensure sufficient contingency sums</li> <li>• </li> </ul>
Savings are not achieved	High	High	<ul style="list-style-type: none"> <li>• Regular budget monitoring to identify issues at an early stage</li> <li>• Where savings are not achieved alternative savings must be identified</li> <li>• Incorporation of a contingency sum within the budget</li> <li>• Establishment of reserves to mitigate against non achievement of savings</li> </ul>
Reserves are inadequate	Medium	High	<ul style="list-style-type: none"> <li>• Minimum levels of reserves are set and reviewed each year with consideration given to budget risks</li> <li>• Reserve balances are reported to cabinet on a quarterly basis and any breaches of minimum levels are highlighted</li> </ul>
Changes in usage and demand	Medium	High	<ul style="list-style-type: none"> <li>• Regularly monitor income</li> <li>• </li> </ul>

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Affects revenue streams			<ul style="list-style-type: none"> <li>• Review trends</li> <li>• Take appropriate action to mitigate downward trends</li> <li>• Ensure income budgets are not too demanding</li> </ul>
Budget does not reflect corporate priorities	Low	High	<ul style="list-style-type: none"> <li>• Ensure corporate involvement in the budget process</li> <li>• Early consideration of budget pressures and changes in legislation.</li> <li>• Regular reporting to CFSG</li> <li>• Approved scoring criteria for prioritising capital and revenue bids.</li> </ul>
The capital programme is not affordable	Low	High	<ul style="list-style-type: none"> <li>• All schemes are monitored through the 10 year Capital Development Reserve</li> <li>• Capital contingency reserve provides a balance to mitigate against overspends on capital schemes</li> <li>• Budget growth prided to increase revenue contributions to capital</li> <li>• Schemes are monitored and reported on a regular basis</li> </ul>
Poor planning with decisions being made without proper consideration/consultation	Low	High	<ul style="list-style-type: none"> <li>• Develop a long term Financial Strategy</li> <li>• Set out a clear budget timetable</li> <li>• Regular updates to members</li> <li>• Effective consultation process</li> </ul>
Budget does not consider the full impact of sustainability	Medium	Medium	<ul style="list-style-type: none"> <li>• The Council has developed a sustainability policy which contains principals and measures that are to be implemented over the coming years</li> </ul>
The Budget does not assess equalities impact on its population and community groups	Medium	Medium	<ul style="list-style-type: none"> <li>•</li> </ul>

