

RISK ASSESSMENT AND SENSITIVITY ANALYSIS

Risk	Likelihood	Seriousness	How we will manage the risk
Fluctuations in inflation, government grants and changes in legislation	Medium	High	<ul style="list-style-type: none"> • reviewed through the financial strategy and monitored throughout the year • any changes in legislation fully considered • ensure that the minimum level of reserves is maintained to mitigate against risks
Budgets are overspent	Medium	High	<ul style="list-style-type: none"> • robust budget setting process • regular monitoring with corrective action • develop a culture of awareness • ensure budget holders have ownership of their budgets • ensure budget holders get adequate training in financial management • effective project planning and management • ensure sufficient contingency sums in the budget
Savings are not achieved	High	High	<ul style="list-style-type: none"> • regular budget monitoring to identify issues at an early stage • where savings are not achieved alternative savings must be identified • incorporation of a contingency sum within the budget • establishment of reserves to mitigate against non-achievement of savings • transformation programme is to be managed by the Chief Executive and the CMT
Reserves are inadequate	High	High	<ul style="list-style-type: none"> • minimum levels of reserves are set and reviewed each year with consideration given to budget risks • a quarterly report is to be prepared on the current reserve position

RISK ASSESSMENT AND SENSITIVITY ANALYSIS

Risk	Likelihood	Seriousness	How we will manage the risk
Changes in usage and demand affect revenue streams	High	High	<ul style="list-style-type: none"> • regularly monitor income • review trends • ensure income budgets are realistic • ensure an adequate contingency sum is included
Budget does not reflect corporate priorities	Low	High	<ul style="list-style-type: none"> • ensure corporate involvement in the budget process • bids that are associated with the delivery of the corporate strategy milestones given a higher weighting • early consideration of budget pressures and changes in legislation • approved scoring criteria for prioritising capital bids
The capital programme is not affordable	Low	High	<ul style="list-style-type: none"> • all schemes are monitored through the 5 year capital programme • capital contingency reserve provides a balance to mitigate against overspends on capital schemes • budget growth provided to increase revenue support to capital • schemes are monitored and reported on a regular basis
Poor planning with decisions being made without proper consideration/consultation	Low	High	<ul style="list-style-type: none"> • develop a long term financial strategy • set out a clear budget timetable • regular updates to members • effective consultation process
Budget does not consider the full impact of sustainability	Medium	Medium	<ul style="list-style-type: none"> • the council has developed a sustainability policy which contains principals and measures that are to be implemented over the coming years
The Budget does not assess equalities impact on its population and community groups	Medium	Medium	<ul style="list-style-type: none"> • consult with SIWG