

No.	Risk Category	RISK Threat to achievement of business objective	Scope/potential consequences of risk	Assessment of Risk (likelihood x impact) Assume No Controls in Place			Risk Control Measures in Place	Are all Controls Operational? Y / N / Partial	Potential Financial Risk £	Assessment of Residual Risk (likelihood x impact) With Control Measures		
				Likelihood	Impact	Risk Score				Likelihood	Impact	Risk Score
1	Economy and Funding	Reduction in Government funding to Local Authorities in real terms.	Less funding from Government, reduction in ability to provide services, take on other agencies' responsibilities.	4	4	16	Estimate of resources over the 5 year period built into financial plan. There is a projection that the Council will receive a flat cash settlement from Scottish Government, the risk is that this is overly optimistic. Real terms inflationary pressures are not funded. Increasing direction of funding within the settlement through specific grant. There is increasing pressure on core budgets.	Y	2,430,000 based on 1% variation in future govt grant levels and financial plan assumptions	4	3	12
2	Economy and Funding	Continuation of depressed housing market.	Assumption re Developer Contributions prove too optimistic. Risk of Challenge to existing policy with knock on impact on funding available for essential infrastructure projects.	4	3	12	Budget adjustment to take account of potential shortfall, diverting resources from other priorities in revenue and capital plans. Reassessment of likely developer contributions undertaken as part of review of CIP funding.	Y	0	4	2	8
3	Environment	Weather - adverse winter conditions.	Strain on Winter Maintenance budget. Additional revenue and capital costs.	4	4	16	Bellwin Scheme available, but only within certain criteria. Not available to cover higher costs of adverse winter weather. Reserve of £1m earmarked to provide contingency for adverse weather. Development of Community Resilience Scheme progressing but unlikely to make significant impact on costs.	Y	1,000,000 (unfunded residual estimate of Adverse Winter beyond average conditions)	4	3	12
4	Environment	Weather - severe floods	Additional revenue and capital costs.	3	4	12	Bellwin Scheme, threshold applies at 0.2% of net revenue expenditure and within certain criteria.	Y	644,000	3	3	9

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5	Budget Control	Inability to achieve projected savings.	Increased risks due to expenditure not being contained within budget, may result in future reduced service provision as a consequence.	4	4	16	Tracking through monitoring process. Monitoring indicates greater levels of savings required but delivery is becoming more difficult. 2021/22 monitoring indicates delay in delivery of circa £5.9m of savings and difficulty of delivery increasing.	Partial	2,500,000	4	4	16
6	Budget Control	Future demographics - Social Work. Ageing population.	Additional revenue and capital costs. Assumption this will be funded by transfer from IJB.	5	3	15	Business and medium term Revenue Financial Plans aligned to demographic pressures.	Y	0	4	2	8
7	Budget Control	Future Demographics Vulnerable Children and more children with complex needs	Risk of significant overspend due to demand pressures and the need to accommodate looked after children in expensive residential settings including secure units.	5	4	20	Current costs reflected in revenue budget.	Partial	500,000	4	3	12
8	Projects	Development of Major Capital projects including IT not progressing to deliver assets.	Potential Requirement to Write costs incurred developing capital Schemes off to Revenue.	3	4	12	Inherent risks associated with development of large complex capital schemes e.g. Tweedbank and IT transformation. Robust project management, dialogue and ensuring necessary statutory approvals are achieved mitigates risks.	Y	500,000	3	3	9
9	Economy and Funding	Underfunding of national policy changes	Risk that the distribution formula used is misaligned with local requirements eg changes to charging regimes or teachers pay.	4	4	16	Active engagement through COSLA and the Settlement Distribution Group (SDG) to ensure local circumstances are reflected as far as possible in distributions.	Partial	0	3	3	9

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10	Supplier failure	Major contractors / providers of essential services going out of business e.g. Transport provider or care providers	Immediate pressure on revenue budgets / reserves. Increased evidence of costs increasing following retendering.	3	3	9	In some cases monthly contract monitoring and ongoing liaison. More due diligence required during and before contract periods. SBcares is provider of last resort for care contracts.	Partial	300,000	3	3	9
11	Pension Fund	Local Government Pension Scheme - increase in employer contributions	Increased costs to the Council through increased employer contributions and impact on service budgets	4	4	16	Triennial Valuation with options to deal with any projected funding deficit through recovery period and / or medium term Revenue Financial Plan. Fund valuation at 31 March 2020 showed funding level to 110%. Contribution rate increase over the next 3 year Period. 0.5% in 2023/24 Next valuation due 31/3/23.	Y	0	3	3	9
12	Pension Fund	Pension Fund Including Admitted Bodies. Change in level of participation in the pension fund leading to a risk re past service cost.	Call on Council indemnity for past service costs.	3	2	6	Ongoing monitoring and engagement with admitted bodies and appointed Actuary. Ongoing monitoring of financial impact of changes to the composition of scheme membership.	Y	0	3	2	6
13	Economy and Funding	Counterparty risk	Funds deposited in banks are lost	3	3	9	Disciplined maintenance of counterparty list, spread deposits where practicable. Treasury strategy and policy in place and regularly reviewed. Daily Information from Link Asset Services. Annual revisions made to strategy to reflect changes in the economic situation. Compliance with credit control worthiness policy monitored on an ongoing basis and robust scrutiny at point of investment.	Y	0	2	3	6

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14	Economy and Funding	Increase in scale of bad debts owed to the Council (AR, Council Tax, NDR)	Potential pressure on revenue budgets as greater amounts need to be written off. Debt recovery arrangements indicate this risks is being managed with significant improvement in recent years over debt management and recovery.	4	3	12	Bad Debt provision in place, proved adequate for Council Tax and NDR historically. More robust policy framework now in place. Current level of bad debt provision acceptable and debt acceptable.	Y	200,000	4	3	12
15	Economy and Funding	Change to taxation base e.g. NDR income lies with collecting Authority and not part of national pool	Reduced level of NDR income for Council with subsequent pressure on revenue budgets	2	2	4	3 year spending review, medium term Revenue Financial Plan	Partial	Estimate Covered in Finance plan	1	2	2
16	Budget Control	General Contingency including - Failure of budgetary control processes (increased likelihood as budgets are stretched). Savings required by the 5 Year financial plan not delivered or delayed. Increased risk of overspend given pressures arising from H&SC integration, unplanned withdrawal of resource transfer funding or around delayed discharge.	Unexpected overspends in revenue and / or capital budgets.	4	3	12	Monitoring processes, both for revenue and capital. Monitoring now includes tracking of delivery of required efficiencies. Risk analysis re delivery of savings approved in financial plan. Regular reporting to CMT and quarterly reporting to Executive. Challenges facing the Council associated with constraints on public sector funding are increasing.	Y	1,611,000 (0.5% overspend risk on £322m)	4	3	12
17	Pay	Budgetary provision of 2% in line with government pay policy is exceeded when pay is agreed	Provision against under-funding of future pay awards if Government pay policy were to be exceeded due to cost of living increases.	3	4	12	Engagement with COSLA and Directors of Finance on affordability of future pay settlements to limit impact on Council Tax payers	Y	1,600,000	3	3	9

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18	Economy and Funding	Contractual legal claims/ penalties levied against council claim including damages claims from individual formerly in local authority care	Litigation following a Contractual claim resulting from legal dispute. Legal costs following an adverse judgement.	5	3	15	Monitoring processes, both internal and reporting to Members. Corporate Approach to project delivery and Corporate Transformation. Council's legal position will be robustly defended via Court Process if necessary.	Y	500,000 general est. based on current risks.	4	3	12
19	Economy and funding	Compliance failure with HMRC requirements	Penalty and Interest due to failure of business processes.	4	3	12	Review of Business processes to ensure they remain fit for purpose.	Partially	0	3	2	6
20	Economy and Funding	Uncertainties around inflation in the supply of goods and services	Adverse impact on the costs of goods and services supplied to the Council eg energy and food from increased inflation risk.	5	4	20	Ongoing monitoring of contracts and future forward purchasing of commodities eg energy	Partially	0	4	3	12
21	Economy and Funding	Expenditure claimed through legacy EU funding streams is no longer eligible for EU grant	The Council would have to fund any potential shortfall resulting from the audit of EU claims which can arise up to 6 years after the original project concluded.	3	3	9	Ongoing review by officers to ensure only eligible expenditure is included in any grant claims submitted to the EU for reimbursement.	Y	0 (managed within service project budgets)	2	2	4
22	Economy and Funding	Ongoing Impact of Covid 19 Pandemic	Adverse impact on service delivery and demand for services from impact of COVID. Increased demands for support from vulnerable people. Increased costs of COVID response fro PPE, building heating costs, reduced income etc.	5	5	25	Regular monitoring of staffing and financial impact of pandemic, engage with key suppliers and regular engagement with SOLACE/ COSLA and Scottish Govt.	Partially	2,000,000	4	4	16
<p>Projected General Fund unallocated balance as at 1 April 2022</p> <p>Risks Per risk register</p> <p>% of Risks per risk register covered by unallocated balances</p>									<p>8,421,000</p> <p>13,785,000</p> <p>61 %</p>			