

No.	Risk Category	RISK <i>Threat to achievement of business objective</i>	Causes/Risk Factors	Consequences/ Potential Effects	Risk Owner	Original Risk Score (Assume No Controls in Place)			Current Internal Controls	Control Assessment/ Score	Potential Financial Risk	Current Risk Score (With Controls in Place)		
						Likelihood	Impact	Risk Score				Likelihood	Impact	Risk Score
										£				
1	Economy and Funding	If there is a reduction in Government funding to Local Authorities in real terms it could result in a reduced ability to provide services	Reduction in Government funding; Increase in ring fenced funding for specific national policy areas; Inflation; Increasing direction of funding within the settlement through specific grant;	Reduction in ability to provide services; Take on other agencies' responsibilities; Constraints on local policy areas; Reputational damage; Increasing pressure on core budgets; Real terms inflationary pressures are not funded;	Acting CFO (Section 95 Officer)	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; Regular Monitoring and quarterly reporting to Exec Committee; Transformation and Savings Plans (incl. early engagement with services to devise plans to achieve savings);	Fully Effective Fully Effective Fully Effective Partially Effective	<b>2,578,000</b> based on 1% variation in future govt grant levels and financial plan assumptions	4	3	12
2	Economy and Funding	If there continues to be a shortfall in the development and construction of new build housing then there will be a shortfall in development contributions to support investment in infrastructure	Inflation; Material and labour shortages; Diminishing construction industry (lack of capacity in industry); Rurality;	Assumption re. development contributions prove too optimistic; Risk of challenge to existing policy with knock-on impact to funding available for essential infrastructure projects;	Director Infra & Environ	4	3	12	Budget adjustment to take account of potential shortfall, diverting resources from other priorities in revenue and capital plans; Reassessment of likely development contributions undertaken as part of review of Capital investment Plan funding; Development Contributions Officer Working Group;	Fully Effective Fully Effective Partially Effective	<b>0</b>	4	2	8
3	Environment	If there are adverse winter weather conditions it may result in a strain on the Winter Maintenance Budget and additional revenue and capital costs.	Adverse winter conditions; Climate Change;	Strain on Winter Maintenance budget; Additional revenue and capital costs; Service disruption;	Director Infra & Environ	4	4	16	Bellwin Scheme available, but only within certain criteria ( <i>Not available to cover higher costs of adverse winter weather</i> ); Reserve of £1m earmarked to provide contingency for adverse weather; Development of Community Resilience Scheme ( <i>progressing but unlikely to make significant impact on costs</i> ); Business Continuity Plans;	Fully Effective Fully Effective Partially Effective Partially Effective	<b>1,000,000</b> (unfunded residual estimate of Adverse Winter beyond average conditions)	4	3	12

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4	Environment	If there are severe floods in the Scottish Borders then it could result in significant additional revenue and capital costs	Severe weather - snow melt; Significant rainfall; Climate Change;	Additional revenue and capital costs; Service disruption;	Director Infra & Environ	4	4	16	Bellwin Scheme, threshold applies at 0.2% of net revenue expenditure and within certain criteria; Business Continuity Plans;	Fully Effective  Partially Effective	687,600	4	3	12
5	Budget Control	If we are unable to deliver budgeted savings then expenditure may not be contained within approved budgets and there may be negative impacts on service provision.	Plans not developed during the budget setting process; Budget holders unaware of cumulative effect of failing to deliver financial savings in-year; Unanticipated increased demand for services; Inflation; Delays in implementation of technological solutions to enable innovation;	Expenditure is not contained within budget and may result in future reduced service provision; Increased accumulation of savings to be made; Knock-on impacts to other Council services;	Acting CFO (Section 95 Officer) / Budget Holders	4	4	16	Tracking through monitoring process ( <i>Monitoring indicates improvement in savings delivery compared with 2021/22 As at Q3 monitoring indicates £0.5m profiled to be delivered by 31 March 2023 and £3.2m has been achieved through temporary alternatives</i> ); Increasing % of saving delivery plans developed during budget setting process; Budgetary Control Management Actions.	Partially Effective  Partially Effective  Partially Effective	2,500,000	4	3	12
6	Budget Control	If we are unable to accurately forecast ageing population demographics and plan service provision accordingly then expenditure may not be contained within approved budgets and may result in reduced service provision.	Ageing population; Strategic Assessment data time lag; Demographic forecasting assumptions are inadequate; Lead times to plan for service provision;	Additional unexpected/unplanned revenue and capital costs;	Chief Officer IJB & HSCP	5	3	15	Business and medium term Revenue Financial Plans aligned to demographic pressures; Scottish Government provides specific grant funding for Adult Social Care; Investment in provision of local facilities within medium to long term Capital Financial Plans;	Fully Effective  Partially Effective  Partially Effective	0	4	2	8

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7	Budget Control	If we are unable to accurately forecast demographics in relation to vulnerable children/children with complex needs then we may not be able to plan service provision accordingly and expenditure may not be contained within approved budgets, resulting in the potential for reduced service provision.	Lead times to plan for Service Provision; Insufficient investment in early intervention and prevention; Delay in the Identification of regional complex needs/ potential future demand for services; Inflationary pressures on commissioned services;	Significant overspend due to demand pressures and the need to accommodate looked after children in expensive residential settings including secure units (incl. placements outwith area); Additional unexpected/unplanned capital costs;	Director Social Work & Practice / Director Education & Lifelong Learning	5	4	20	Current costs reflected in revenue budget; Investment in provision of local facilities within medium to long term Capital Financial Plans.	Partially Effective  Partially Effective	£ <b>500,000</b>	4	4	16
8	Projects	If major capital projects, including IT, are not delivered then additional revenue costs are incurred without the expected asset being created.	Lack of sound project management incl. design, build and testing through to implementation; Inadequate specification of requirements; Scope Creep; Failure of strategic governance;	Potential requirement to write-off to revenue, costs incurred in developing capital schemes; Expected enablers are not developed; Expected efficiencies are not realised.	Director Infra & Environ / Director Strategic Commissioning & Partnerships	3	4	12	Governance arrangements 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; Tracking through Revenue and Capital Budget Monitoring Processes; Development of PMO (Capital).	Partially Effective  Fully Effective  Fully Effective  Partially Effective	<b>500,000</b>	3	3	9
9	Economy and Funding	If there is insufficient funding to support national policy changes we may not be able to deliver changes to their full extent or they may not meet expectations.	Distribution formula used is misaligned with local requirements e.g. changes to charging regimes or teachers pay; Inflation;	Changes not delivered; Expectations not met; Negative impacts to local policies/resources to deliver national policy changes within available funding; Negative impact on financial sustainability;	Acting CFO	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;	Partially Effective	<b>0</b>	3	4	12

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10	Supplier Failure	If major contractors/ providers of essential services (e.g. Transport/ Care) go out of business then there will be immediate negative pressures on budgets, reserves and costs associated with retendering.	Market/Economic Conditions (e.g. labour, inflation); Major disruptive events;	Immediate pressure on revenue budgets / reserves; Increased evidence of costs increasing following retendering; Lack of competition/suppliers in the market for retendering; Council is provider of last resort - negative impacts on staff resourcing and Council capacity; Potential requirement to TUPE Transfer.	All Directors	3	3	9	Contract monitoring and ongoing liaison; Due diligence undertaken before and during contract periods; Review and Revise Service Provision Requirements;	Partially Effective  Partially Effective	300,000	4	3	12
11	Pension Fund	If the Council is requested to increase its employers contributions to the Local Government Pension Scheme (e.g. as a result of poor investment returns) then it may lead to increased costs.	Market/Economic Conditions (e.g. inflation); Major disruptive events; Lower than planned pension investment returns;	Increased costs to the Council through increased employer contributions and subsequent impact on service budgets; Potential impacts on staff levels/the ways in which services are delivered.	Acting CFO	4	4	16	Triennial Valuation with options to deal with any projected funding deficit through recovery period and / or medium term Revenue Financial Plan ( <i>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</i> ).	Fully Effective	0	3	3	9
13	Economy and Funding	If the Council does not adequately assess counterparty risk and select secure investments then funds deposited could be lost.	Economic Conditions (e.g. interest rates); Major disruptive events e.g. financial crises; Failures in due diligence; Lack of knowledge and Skills (Staff SPOFs);	Funds deposited are lost; Significant reputational damage; Failure to protect the public pound;	Acting CFO	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.	Fully Effective  Fully Effective  Fully Effective  Fully Effective	0	2	3	6

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14	Economy and Funding	If there is an increase in the scale of debts owed to the Council (Sundry income, Council Tax and Non-Domestic Rates) then the level of write offs may increase with subsequent negative pressure on Council finances.	Economic/Market Conditions (e.g. interest rates/Inflation/ downturns/ cost of living crisis); Major disruptive events e.g. financial crises; Failures in due diligence e.g. credit worthiness/ability to pay;	Potential pressure on revenue budgets as greater amounts need to be written off; Potential need to increase bad debt provisions (e.g. in line with economic conditions);	Acting CFO	4	3	12	Bad Debt provision in place, <i>(proved adequate for Council Tax and NDR, historically)</i> ; Robust Income Management and Debt Recovery Policy Framework; Ongoing monitoring/reporting of debt management to Exec Committee;	Fully Effective  Fully Effective  Fully Effective	£  <b>200,000</b>	4	2	8
15	Economy and Funding	Changes to the taxation base (e.g. NDR income being devolved to Local Authorities rather than included in the national pool) could result in a reduced funding for the Council.	Scottish Government 3-year spending review; Changes in national policy (e.g. taxation/devolution of elements to local authorities); Economic conditions (e.g. inflation); Speed at which changes are introduced;	Reduced level of NDR income for Council with subsequent pressure on revenue budgets; Increased administration and other costs to implement policy changes/negative impacts on Council capacity;	Acting CFO/ Assessor/ Director Resilient Communities	2	2	4	Medium term Revenue Financial Plan <i>(based on Scot Gov 3-year spending review)</i> ; Analysis and assessment of Scottish Government settlement; Membership of National Forums (e.g. Cosla, Directors of Finance, Scottish Assessors Group);	Partially Effective  Fully Effective  Fully Effective	<b>0</b>	3	2	6
16	Budget Control	If there is a general failure of our budgetary control processes due to unexpected cost drivers then there may be negative implications across wider areas of the Council.	Additional Contracts; Unavoidable Service spend increases; Increase in stretched budgets reduces flexibility; Concurrent and compounding impacts of Market, Economic & Social Factors; Accuracy and timeliness of data for forecasting; Challenges facing the Council associated with constraints on public sector funding are increasing;	Unexpected overspends in revenue and / or capital budgets; Negative impact on wider Service Plans and delivery to cover specific overspends;	Acting CFO	4	3	12	Financial Regulations (incl. budgetary control processes); Monitoring processes (for both revenue and capital); Regular reporting to CMT and quarterly reporting to Executive Committee; Budgetary Control Training for Budget Holders; Data Quality Reviews;	Fully Effective  Fully Effective  Fully Effective  Partially Effective  Partially Effective	<b>1,720,000</b>  <b>(0.5% overspend risk on £344m)</b>	3	3	9

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17	Pay	If the pay award exceeds the budgetary provision then it will create a budgetary pressure for the Council.	Economic and Market Conditions (e.g. cost of living crisis, inflation, industrial action); Labour market shortages; Timing of pay and conditions negotiations with Trade Unions outwith budget setting cycle;	Costs exceed income/funding creating a budgetary pressure; Potential need to lobby for additional funding from Scot Gov; Negative impacts on recruitment/retention; Potential need to increase Council Tax beyond plans.	Acting CFO/ Director People, Performance & Change.	3	4	12	Engagement with COSLA and Directors of Finance on affordability of future pay settlements to limit impact on Council Tax payers; Council pay provision set in line with Government Pay Policy; Scenario modelling as part of medium-term financial planning; Planned/proportionate increases in Council Tax;	Fully Effective  Fully Effective  Fully Effective  Fully Effective	£  <b>1,800,000</b>  <b>(rep of 1% increase in pay award)</b>	3	3	9
18	Economy and Funding	If there are contractual legal claims or penalties levied against the Council (e.g. damages from individuals formerly under local authority care), not covered by insurance, then the Council will be exposed to potentially significant one-off costs.	Failure to apply safe and proper practices/breach of legislation; Litigation following a contractual claim resulting from legal dispute; Legal costs following an adverse judgement;	Reputational damage (incl. headline exposure); Rectification activity; Increased scrutiny/loss of trust and credibility;	All Directors/ Chief Legal Officer/ Acting CFO	5	4	20	Monitoring processes, both internal and reporting to Members; Council's legal position will be to appeal where relevant; Council internal control framework (incl. adherence to policies & procedures by all respective service areas and staff; Contingent liability provision;	Fully Effective  Partially Effective  Partially Effective  Fully Effective	<b>500,000</b>  <b>general est. based on current risks.</b>	4	3	12
19	Economy and funding	If the Council fails to comply with HMRC requirements then there may be financial penalties	Inexperienced staff/human error; Failure of business processes/internal financial controls; Staff capacity - missed reporting deadlines;	Financial Penalties and Interest charges; Reputational damage; Additional scrutiny;	Acting CFO / Director People, Performance and Change	4	3	12	Business processes and internal financial controls are fit for purpose; Staff training on business processes and internal financial controls;	Partially Effective  Fully Effective	<b>0</b>  <b>Elements accounted for in other risks in the series.</b>	3	2	6
20	Economy and Funding	If the costs of goods and services increase beyond reasonable assumptions (e.g. as a result of inflation) then it could lead to cost pressures.	Inflation; Material shortages; Supply chains (e.g. disruption); Major disruptive events;	Adverse impact on the costs of goods and services supplied to the Council e.g. energy and food; Delays to Capital Programmes; Potential need to retender contracts;	Acting CFO/ All Directors	5	4	20	Ongoing monitoring of contracts; Future forward purchasing of commodities e.g. energy; Medium-term financial planning (Revenue & Capital); Longer-term Revenue Financial Strategy (incl. scenario planning/test of assumptions);	Partially Effective Fully Effective  Fully Effective  Fully Effective	<b>0</b>  <b>(Informed by scenario planning)</b>	4	3	12

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21	Economy and Funding	Expenditure claimed through legacy EU funding streams is no longer eligible for EU grant	Inadequate retention of documentation and evidence of spend; Improper use of EU Grant Funding; Failure to adhere to strict Grant Funding Criteria;	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. Negative impact on reserves/core service provision;	Director Resilient Communities	4	3	12	Ongoing review by officers to ensure only eligible expenditure is included in any grant claims submitted to the EU for reimbursement; Internal Audit Review Outcomes; Ensuring that expenditure is only committed when funding is confirmed;	Fully Effective  Fully Effective Partially Effective	£  <b>(managed within service project budgets)</b>	3	2	6
22	Economy and Funding	Unknown ongoing impacts of Covid-19 recovery period (e.g. increased service demand) could result in significant financial pressures for the Council.	Concurrent recovery activity with resumption of non-business critical service provision; Compounding impacts of other disruptive events (e.g. energy costs, cost of living crisis); Reduction/cessation of Covid-19 funding;	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 for PPE, building heating costs, reduced income etc.	Acting CFO/All Directors	5	5	25	Regular monitoring of staffing and financial impact of pandemic; Engage with key suppliers; Regular engagement with SOLACE/ COSLA and Scottish Govt;	Fully Effective  Fully Effective Fully Effective	<b>2,000,000</b>	4	4	16
<b>Projected General Fund unallocated balance as at 1 April 2023</b>											<b>8,448,000</b>			
Risks Per risk register											<b>14,285,600</b>			
<b>% of Risks per risk register covered by unallocated balances</b>											<b>59 %</b>			