

FINANCE RISK REGISTER

APPENDIX D

Reference	Title	Description	Category	Value	Likelihood	Impact	Rating	Mitigating Action	Risk Owner
C1	Spending Review 2019	The Spending Review will determine the control totals Local Government have available over the next few years. With global financial uncertainty and the effects of Brexit there is a significant risk that the spending review will result in further austerity		Unclear - Last spending round reduced funding by approx £5m per year	3	3	9	Lobby the Government at every available opportunity. Joint work with London Councils and other boroughs to demonstrate the impact of austerity on front line services	Corporate
C2	Change to NHB Rules	The 2018 Technical consultation indicated a possible change to the rules regarding award of NHB. The new methodology will revolve around a Housing Delivery test the details of which have yet to be confirmed. Havering currently assumes no new NHB for 2019/20 but significant new NHB thereafter		Up to £2.7m	3	2	6	Lobby the Government that they need to support new house building and the financial support must not be top sliced from other funding for local government.	Housing
C3	Impact of Brexit	There is uncertainty regarding the UK's relationship with the EU moving forward. The potential implications are wide ranging on local authorities including interest rates, the value of the pound and the costs of products, services and staffing. There may be an impact on the 2019 Spending Review.		Unclear	3	1	3	Review all national announcements. Make preparations for all eventualities where possible	Corporate
C4	Loss/reduction in Business Rates	One impact of austerity is failure of local businesses. Business rates are in part locally retained meaning that significant downturn in yield will have a direct impact. The Londonwide pool will smooth this effect but could also result in a far more significant impact if some larger businesses in central London closed.		Unclear	2	2	4	Support local businesses - Attract new business to the borough through regeneration	Corporate
C5	Change in National Government	We currently have a minority Government and so there will always be the possibility of a snap election. A change of national leadership could introduce different views and policies which could affect local government		Unclear	2	2	4	No Mitigating Action - Watching Brief	Corporate
C6	New Legislation	The Government could at anytime introduce new legislation or transfer new burdens to local government. History has shown that frequently new legislation is not accompanied by enough associated funding		Unlikely to be significant	2	1	2	Lobby the Government that any new burdens must have a fair level of funding provided. Regularly review Government announcements to ensure any legislation changes are picked up at an early stage to enable forward planning	Corporate
C7	The impact of delays, changes, and market fluctuations to the Regeneration Programme	The regeneration models contained in the business cases make assumptions regarding inflation, interest rates and the property market. Changes to these factors could affect the expected yields. There is also a significant cost associated with delays to the programme either caused by changes to proposals or any other reason		Could be significant	2	3	6	Ensure all business cases are robust and financially recognise the potential impact of any delays or changes to market conditions+110	Corporate
C8	Interest Rate change	An increase in interest rates will have a direct impact on the Council's treasury strategy. Potential increases in borrowing will directly impact on the Councils MTFP and affordability decisions on major future Capital plans		xxxx per 1%	2	1	2	Review likelihood and adjust MTFS at a prudent time	Treasury
C9	Higher than expected inflation	If there was a significant increase in inflation this would result in cost of services increasing and potential pay awards all of which would be a direct pressure on the MTFS.		xxxx per 1%	2	2	4	Review likelihood and adjust MTFS at a prudent time	Corporate
C10	Higher than expected population growth/ demographics	The Council's plans recognise the effect of population growth and the demographic pressures that brings particularly to Social Care. If either the population increased at a higher rate or factors such as poverty and deprivation resulted in increased demand above current planned amounts then this would have a direct impact on the MTFS		Unclear	1	2	2	Continually review assumptions based on the latest figures and periodically update the MTFS	Social Care
C11	IBCF and other Grants	The Government has announced grant funding up until 2019/20 as part of the 4 year settlement. Funding after this point is far less clear and whilst this is taken into account in the MTFS a loss of smaller grants will impact on planning.		Unlikely to be significant	2	1	2	Act promptly following Government announcements. Adjust the MTFS where necessary	Corporate
C12	Pension Fund Performance/Actuarial Review	A downturn in the performance of the pension fund could result in increased contributions being required at the next triennial review. This will have a direct impact on the MTFS assumptions		Unlikely to be significant	1	2	2	Ensure a continued prudent position in the MTFS - Update when the outcome of the triennial review is apparent	Treasury
C13	Budget Failure/ Overspends	The MTFS allows for any recognised ongoing budget pressures. Unbudgeted overspends will depleted general and earmarked reserves. This could lead to future year budget pressures either through planned contributions to reserves or through continued overspends.		Unlikely to be significant	1	2	2	Ensure Services develop action plans to contain overspends. Monitor the current year closely and accurately. Update the MTFS where it becomes apparent an overspend is unavoidable and ongoing	Corporate
C14	IT System Failure	Significant IT failure could result in loss of service provision, potential loss of data and additional repair/replacement costs		Unclear	1	3	3	Ensure all systems are fully supported Ensure reserves are adequate to mitigate this risk	Corporate
C15	Future Waste disposal arrangements	There are already significant sums built into both the ELWA budget and the Councils MTFP to cover the preparations for the end of the waste contract in 2027. These costs however could easily increase as 2027 gets nearer.		Unlikely to be significant	1	2	2	Support and help ELWA develop the work needed in the lead up to 2027. Ensure the MTFP reflects the agreed levy position	Corporate
C16	Adverse Weather/Cold winter	A cold or wet winter can result in increased environmental costs through gritting or possibly flood alleviation. Freezing weather also can break up road surfaces resulting in emergency repairs		£1m?	2	1	2	Watching Brief. Ensure general reserves are sufficient to mitigate this risk	Environment
C17	Fraud	The Council has measures in place to minimise the risk of fraud. If a major financial fraud were discovered this could have a reputational risk and result in additional costs both to improve systems and to mitigate any uninsured losses.		Unclear	1	2	2	Ensure all systems and controls are in place with appropriate governance and internal audit regularly review procedures.	Corporate

C18	JV Failure	The JV's all have business cases with returns on investments at various points to the Council. Failure of a JV could be for a number of reasons but will result in both additional costs and loss of income to the Council		Significant - several £m	1	3	3	Continued Council close monitoring and support for JV's	Regeneration
C19	Affordability of Capital Programme	The Capital programme will be based on a funding strategy. Significant overspends or enhancements to projects will result in a revenue pressure through increased contributions on higher borrowing and MRP costs		Unlikely to be significant	1	1	1	Ensure tight monitoring and controls are in place for all capital schemes. Ensure any significant variances are identified and are reported to enable appropriate governance of the new spend position	Corporate
C20	Collection Rates	Council Tax is set on assumed collection rates. Failure to achieve those rates will have an impact on the collection fund and the level of bad debt provision required. Both of these items will impact on future planning.		Unlikely to be significant	1	1	1	Ensure debt collection process is efficient and up to date. Promote digital initiatives to minimise debt and other initiatives such as increase use of DD's for Business Rates and Council Tax	Corporate
C21	Public Health Joint Funding	The Public Health Grant has reduced over the last two years and is quite likely to continue to be squeezed. This could potentially impact on the future funding of Council Services		Unclear	1	1	1	Review Government announcements	Health
C22									

LIKELIHOOD	
Total Remote Risk	1
Total Possible Risk	2
Total Very Likely Risk	3

FINANCIAL IMPACT		
LOW		1
MEDIUM		2
HIGH		3