

## Appendix B – Corporate Finance Risk Register

Ref	Title	Description	Value	Likelihood	Impact
COVID 1	Financial Pressures caused by the pandemic	The continued Pressures to support our most vulnerable clients through the pandemic is not fully supported by Government Funding	Unclear	4	3
COVID 2	Lower Collection rates	The pandemic is causing hardship across the borough. This is directly affecting the ability of households to pay Council Tax and the ability of businesses to pay rates	Unclear	4	3
COVID 3	Hidden extra demand	The pandemic has resulted in changing circumstances for everyone especially during lockdown periods. There is a significant risk particularly in Children's that the difficulties caused by the effects of COVID will result in additional demand for Council services	Unclear	4	3
COVID 4	Delayed Savings and efficiencies	The Pandemic has caused a delay to many of the 2020/21 savings proposals. The Council is putting together revised proposals to set the budget for 2021/22. There is however a risk that if the effects of the pandemic continues well into 2021 that again proposals will be delayed	£17m Savings Proposals	2	2
COVID 5	Recruitment of Staff	For the Council to run efficiently there is a need to recruit high calibre staff to replace those who leave either through retirement or to move to other jobs. The pandemic is preventing population mobility both from elsewhere in the country and from abroad. This could impact on the need to recruit qualified staff to key positions such as social care and result in expensive temporary cover being needed	Unclear	2	2
COVID 6	Potential end of free Travel for under 18's	There is an agreement between the Government and TFL that free travel for under 18's will continue to March 2021. The cost of this thereafter will need to be included in the Mayoral budget and be funded from savings or additional	Unclear	2	2

		income. If the free travel were to end this would impact on poor families and there is a significant risk that the Council will need to support travel for these children			
C1	Spending Review 2021 and beyond	The 2021 Spending Review will determine the control totals Local Government have available over the next few years. There is a risk that the spending review will result in an adverse outcome for Havering.	Unclear	2	2
C2	Outcome of Fair Funding Review	It is unclear when the Government will implement the outcome of the fair funding review. There is a significant risk that the revised formula will redistribute funds from London to others areas in the country.	Unclear	3	2
C3	Impact of Leaving the EU	The potential implications of leaving the EU are wide ranging on local authorities including interest rates, the value of the pound and the costs of products, services and staffing.	Unclear	4	1
C4	Loss/reduction in Business Rates	In recent years as a result of austerity and the general reduced footfall from the high streets, a number of local businesses have failed. Business rates are in part locally retained meaning that significant downturn in yield will have a direct impact. This risk has increased as a direct result of the pandemic. This will be a national issue and it is hoped that the Government will fully recognise this in future settlements.	Potentially significant	3	2
C5	Affordability of Capital Programme	The Capital programme is based on a robust 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
C6	New Legislation	The Government could at any time 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

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
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	£1m per 1%	2	1
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.	£1.5m per 1%	2	2
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
C11	IBCF and other Grants	The 2021 settlement announced a continuation of grant funding in line with the previous 4 year settlement. Funding from 2022/23 onwards 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
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
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	Potentially significant in 20/21 but a	3	2

		reserves or through continued overspends. There is a significant risk that the 20/21 budget will overspend and officers are working hard to control spend in order to minimise this risk.	lower risk thereafter		
C14	IT System Failure	Significant IT failure could result in loss of service provision, potential loss of data and additional repair or replacement costs	Unclear	1	3
C15	Future Waste disposal arrangements	Preparations are well underway for the next steps following the end of the current 25 year contract. There is a risk however that the cost of the levy may increase as preparation for 2027 accelerates	Unlikely to be significant	1	2
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	Unclear	2	1
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
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
C19	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. The downturn in collection rates has been picked up as part of the 21/22 budget setting and so this risk relates to future years	Unlikely to be significant	1	1
C20	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

C21	Proposed 95k cap on redundancy payments	The Government are currently consulting on proposals to introduce a 95k cap on redundancies. Introduction of the new rules would significantly limit the ability of the Council to make savings through restructures as redundancies would become difficult to achieve	Unclear	3	1
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