

## Appendix D – Corporate Finance Risk Register

Ref	Title	Description	Value	Likelihood	Impact
C1	Future finance settlements	The current financial settlement gives some comfort for 24/25 that authorities will receive an increase in Social Care Funding . The picture from 25/26 onwards is far less certain with potential Funding reforms and Fair Cost of Care to fund. The Government needs to exemplify its intentions to allow local authorities to plan effectively	Unclear	2	2
C2	Rising Inflation and Unit Costs	Inflation is currently at around 10%. If inflation were to remain high for a prolonged period this would have a huge impact on unit costs and pay.	Unclear	3	3
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	2	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	Unlikely to be significant	2	2

		interest charge on higher borrowing and increased debt principal repayment (Minimum Revenue Provision or MRP)			
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 Council's MTFS and affordability decisions on major future Capital Plans	£1m per 1%	2	1
C9	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
C10	IBCF and other Grants	The 2023/24 settlement largely continues previous grant funding. The position in the future 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
C11	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
C12	Budget Failure/ Overspends	The MTFS allows for any recognised ongoing budget pressures. Unbudgeted overspends will depleted general	Potentially	3	2

		and earmarked reserves. This could lead to future year budget pressures either through planned contributions to reserves or through continued overspends. There is a significant risk that the 2022/23 budget will overspend and officers are working hard to control spend in order to minimise this risk.	significant in 2022/23 but a lower risk thereafter		
C13	Income assumptions from Health	The Adults budget contains assumptions regarding the impact of the national Hospital Discharge Policy (HDP) and subsequent contributions from the local Health services towards future pressures.	Potentially significant	2	3
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 in the short term 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	Unlikely to be significant	1	1

		these items will impact on future planning			
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C20	New government monies	The MTFS includes significant government grants for social care. The conditions for use of the monies has yet to be published and the Adult Social Care Market Sustainability and Improvement Funding will have reporting requirements regarding use of the funding to support improvement against objectives – including to address discharge delays, social care waiting times, low fee rates, workforce pressures and to promote technological innovation in the sector. The allocation to Havering is not sufficient to properly deliver on government objectives.	Potentially significant	3	2
C21	Ongoing cost pressures in adult and children's social care	Since the beginning of the pandemic in early 2020, social care has seen unprecedented increases in demand and complexity in residents care and support needs, resulting in the need for budget growth. It is not yet clear when or if this will abate and return to pre-COVID levels of activity.	Potentially significant	2	2