

Appendix 8

BUDGET REPORT RISK IMPLICATIONS 2021/22 to 2024/25

Risk ID	Risk						Gross Risk		Current Risk		Residual Risk		Risk Mitigation	
	Risk Title	Opportunity/Threat	Risk Description	Risk Cause	Consequence	Date raised	I	P	I	P	I	P		
B1	Commercial Property Income	Threat	Commercial property income less than expected	Bankrupt businesses or reduced trading conditions create difficulties in paying rent	Less income, empty shops	1-Dec-20	3	3	3	3	2	3	Monitor, discussions with tenants	
B1	Brexit	Threat	Brexit deal or no deal adversely effects business in Oxford or the city council directly	Brexit	Less business rates, loss of commercial property rental income, loss of property capital values, reduced interest rates leading to reduced investment	1-Dec-20	2	3	2	3	2	3	Monitor	
B2	Reduced return from companies	Threat	Reduction in interest and dividend from OCHL or dividend from ODS	Reduced development activity in OCHL or reduced income and efficiencies in ODS	Severe impact on Councils MTFP.	1-Dec-20	4	3	4	3	4	2	Monitor monthly	
B2	Homelessness spend	Threat	Homelessness spend exceeds budget and has bigger draw on reserves	Escalating homelessness costs caused by migration of claimants to UC	Overspending or reduced service	1-Dec-20	3	3	3	3	3	2	Monitor monthly, reduce spend either in homelessness or other areas of the budget	
B3	Partner failure	Threat	Major partner fails financially causing disruption or ceasing of key council services e.g leisure	Financial failure of partner	Overpends or service reduction in other service areas	1-Dec-20	3	3	3	3	3	2	Monitor, prepare contingency plans to re-tender service	
B5	Business Rates Income	Threat	Business rates income less than expected	Volatility in business premises closing or being developed; Business Rates appeals being higher than anticipated, Business rates reset and fairer funding reduce income lower than expected	Less council funding	1-Dec-20	4	3	4	3	4	2	Monitor monthly	
B7	Investment interest	Threat	Actual interest rates and investment returns being lower than projected	Economic climate. Spend in Companies is less than expected reducing the margin to the Council	Reduced investment income	1-Dec-20	4	2	4	2	4	2	Interest rates are already low therefore only moderate impact. Monitor and ensure placing investments in high credit rated agencies. There is a higher level of risk associated with property investment funds which is mitigated through the use of earmarked reserves.	
B8	Efficiencies	Threat	Any further slippage in the delivery of savings and efficiencies, especially around trading or additional pressures on the 2019-20 budget that could impact on 2020-21	Changes in circumstances make savings unattainable	Reduced efficiencies increased overspend on net budget	1-Dec-20	3	3	3	3	3	2	Monitor monthly, take corrective action if problem identified. Use contingencies within the budget to cover high and medium risks	

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B10	Right to Buy sales vary from estimate	Threat	Variations in numbers of RTB's affects HRA planning	More houses sold	A decrease in the numbers of RTB's will lead to less capital receipts to fund the Capital Programme. Conversely an increase in the numbers of RTBs would lead to a revenue pressure from reduced rental income	1-Dec-20	4	3	4	2	4	2	Track situation and either re-prioritise spend or use additional borrowing headroom	
B11	Robustness of Estimates	Threat	The revenue and capital estimates vary from estimated and planned. The implications of Government policy impact more adversely than anticipated.	Fluctuations in prices and reduced income	Potential overspend	1-Dec-20	4	3	3	2	3	2	Robust monthly budget monitoring to detect variations and put in mitigating action. Adequate reserves, balances and contingencies within the budget to cover where mitigation is insufficient.	
B12	Capital Receipts	Threat	Asset disposals are not secured or fall short of target amount	Economic climate or inability to negotiate deals	Insufficient resources to fund capital programme	1-Dec-20	4	3	4	3	4	2	Robust monthly monitoring, consider prudential borrowing to fund shortfall or defer projects	
B13	Savings not achieved	Threat	Savings in budget may not be achieved	Service pressures	Potential overspend	1-Dec-20	3	3	3	3	3	2	Monitoring	
B14	Slippage in Capital Programme	Threat	Schemes in Capital Programme do not start or finish on time	Contract delays or increased variations	Impact on delivery of Council priorities	1-Dec-20	3	3	3	3	3	2	Robust monthly monitoring of programme, introduction of Capital Gateway Process and flexible treasury management strategy	

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