

Assessment of Significant Financial Risks to Substantiate Target Level of Unearmarked Working Balances

Financial Risks Identified	Mitigation	Suggested Working Balance to meet risk identified
		£000's
Demand pressures continue in Looked After Children. Despite ongoing budgetary growth, overspends have continued in recent years and could occur again in 2023/24.	Regular monthly meetings are held with the Director and s151 Officer to monitor progress over the financial year.	2,000
As inflation remains high - pressure on pay is also high. There is a risk pay settlement will be higher than budgeted in order to retain staff.	Regular monitoring of the position as negotiations progress with updates to the monthly budget monitoring based on the latest available information.	1,600
Budget savings of £13.4m are required in 2023/24 (excluding monies taken from reserves) if these are not achieved, this will result in service overspendings at outturn.	Robust and realistic series of plans for each Directorate to demonstrate how the savings are to be achieved, monitored at Corporate Leadership Team and by Portfolio Holders on a monthly basis.	1,400
Interest rates have risen significantly recently and we have therefore budgeted for borrowing costs of 4.4% in 23/24. If inflation continues to rise rates may exceed our assumptions.	Daily review of interest rates by the Treasury Management team and proactive cash planning.	1,100
A new revaluation of business rates will occur in 2023 with a consequential rating appeal process. The impact of appeals is difficult to estimate as rateable values change.	Ongoing monitoring of collection rates and by client and business groups, enabling early intervention by Council support staff. Robust and consistent recovery processes in place. Closer liaison with VOA to understand business rate appeals pending.	700
Growth in Adult Social Care demand along with the impact of National Living Wage on Care Providers is forcing additional cost pressures on the Council with a potential loss of providers and a reduction in service to the vulnerable encouraging Councils to provide additional support to providers.	Regular monthly meetings are held with the Director and s151 Officer to monitor pressures over the financial year. An Adults MTFP is produced and reviewed annually.	600
Inflationary costs are factored into the budget however if inflation rises at a higher rate than expected additional budgetary pressures will arise.	Local government resources have already reduced significantly over the last decade and at the same time there have been significant increases in demand pressures particularly in social care, leaving services with no resources to cover such pressures. Medium Term Financial Plan in place to help which is reviewed monthly. However, a prudent level of reserves is needed to cope with economic pressures in year.	300
Energy costs have risen massively in the last 12 months and cost of energy will remain a significant risk in 23/24.	Currently coming to the end of a tender process which allows the council to fix prices to mitigate further increases. Regular monitoring of prices at the Energy Management Group.	300
TOTAL – Estimated Working Balances		8,000