

RISK TEMPLATE

Step 2 – Risk Identification

Risk Title: FINANCIAL SUSTAINABILITY
Risk Description: The council does not meet financial targets and savings to continue to deliver priorities within the Council Plan.

Likelihood (provide narrative)	Potential Impact (provide narrative)
<p>Our Change Programme and its Board is where planning and evaluation of change is monitored. It regularly scrutinises and evaluates planned savings, efficiencies, channel shift and service redesign. Work on the inclusion of all projects in the Change Programme is iterative.</p> <p>Priority based budgeting is progressing with localities to reach our 1% participatory budgeting target. Whilst community engagement, citizen's panel and locality planning have given some insight into the voice of our customers the work needs to continue to identify both the customers' priorities and non-priorities taking into account the limited resources the Council has available.</p> <p>The implications of Brexit on Scottish local government finances is still uncertain, however the Scottish Government's Medium Term Financial Strategy all indicate significant financial challenge for the council will continue for the foreseeable future</p> <p>The Council's latest Medium Term Budget Strategy shows a projected funding gap for the period 2020/21 to 2022/23 of £35m. This require new savings in addition to the £55m of savings already implemented since 2013. Delivering this level of further saving in a context where large parts of the Council's budget is made up of fixed costs will be enormously challenging and won't be achieved without significant changes to the range, volume and methods of delivery of Council services.</p> <p>The implications of changes to the system of local government taxation in Scotland are only starting to be debated and it is uncertain how this will impact on local government finances.</p> <p>There is still a need for further work with elected members and partners to identify less prioritised areas and thereafter identify where significant service reductions will be supported.</p>	<p>The Council fails to set a balanced budget, a legal requirement.</p> <p>Spend is not aligned to agreed priorities set out in our Council Plan.</p> <p>Budget issues arise which require emergency funding.</p> <p>The Council has insufficient resources to meet its core statutory duties.</p> <p>Lack of a strategic approach to service planning and resource allocation leading to unsustainable services.</p> <p>Increased service user and citizen dissatisfaction: we fail to engage sufficiently with our citizens and manage expectations.</p> <p>Adverse media publicity resulting in a negative impact on the reputation of the council.</p> <p>Savings and efficiencies are not realised resulting in emergency corrective action.</p> <p>We fail to meet our statutory duties resulting in poorer outcomes for service users and weak external inspection and regulatory reports.</p>

Existing Controls (bullet points):
<ul style="list-style-type: none"> • Medium Term Budget Strategy prepared annually to forecast the extent of future financial challenges and allow plans to be made to address these in good time. • Our Change Programme is aligned to the Council Plan and is continually being developed. • The Change Management Board, Chaired by The Chief Executive, meets every 4 weeks. • Financial Management – Budgets are reviewed, scrutinised and evaluated by budget holders and finance monthly. • Regular budget monitoring and reporting by Directors, at Corporate Leadership Team Meetings and Committees. • Transformational options which will reduce the demand on the Council's services are being developed as part of our Change Programme.

Step 3 – Risk Analysis

Risk Likelihood Score:	4 High
Risk Impact Score:	4 Major
Overall Risk Score:	16 - Red

Step 4 – Risk Evaluation

Additional controls / actions needed to mitigate risk further?	Yes / No	If Yes go to action plan (section B)

Step 5 – Risk Treatment

Additional controls / actions to reduce likelihood and/or potential impact scores

Action	Owned By	Target Date	Success Criteria
Update Medium Term Budget Strategy analysis once Local Government Finance Settlement is announced	Director of Finance	31 January 2020	MTBS updated, funding gaps updated
Prepare the next iteration of the Change Programme (version 3)	Directors, Director of Finance to lead	30 November 2019	Options to bridge whole of the funding gap are identified
Prepare fallback options to provide flexibility should projected funding gaps increase or Change Programme projects not meet their targeted savings	Director of Finance	30 November 2019	Options capable of implementation if need be identified
Review plans monthly – budget, savings, service plans, etc	All Directors and Service Leads	1 December 2019	Plan is reviewed at monthly service managers' meeting
Ensure priorities are addressed as per the Council Plan	Directors	1 December 2019	Outcomes are met.
Ensure alignment with the Change Programme and correlation across all areas.	Director of Finance & Service Lead for Governance & Change	21 February 2020	Budget and work programmes aligned and delivering.

Target Likelihood Score:	3 - Significant
Target Impact Score:	2 – Low
Overall Target Score:	6 - Amber

Risk Owner: Ian Lorimer

Step 6 – Risk Monitor & Review

- Risks should be monitored every quarter, or more frequently if required