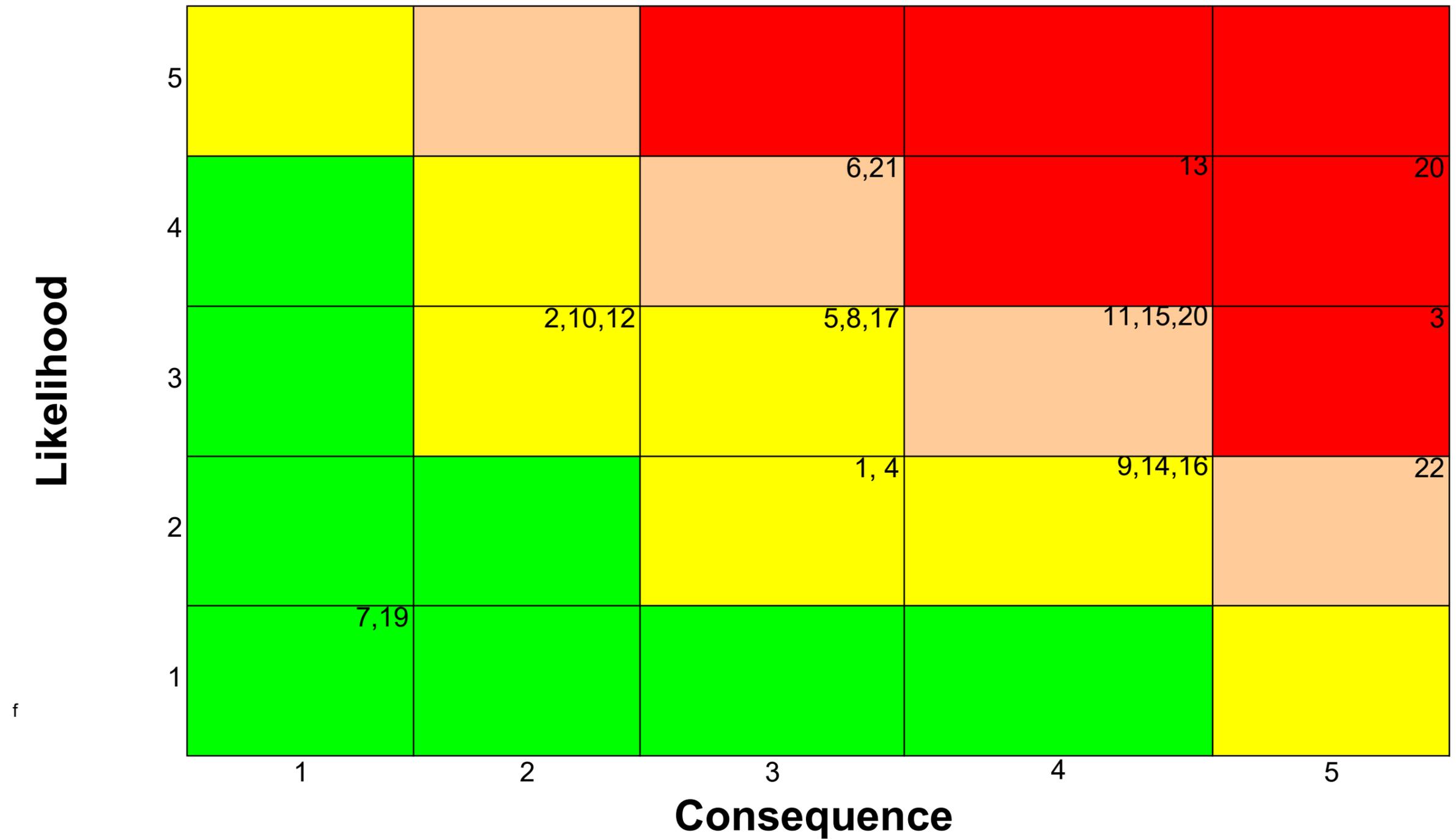


# 2021/22 Final Budget Risk Matrix



No	Risk Title/Description	Control	Residual Risk Level
<b>Income Risks</b>			
1	Council Tax Reduction Scheme Costs	A Local Council Tax Scheme has now been in place since April 2013. The financial impact of COVID-19 has been reflected in 2021/22. Risks remain that the impact could be greater.	6
2	The implementation of Universal Credit and further Welfare Reforms	<p>The Revenue and Benefits service is monitoring the impacts on the service (which includes the financial impacts) of the introduction of universal credit. With the pandemic the move to universal credit has increased.</p> <p>The drop off in housing benefit caseload is matched by a shift in overpayment recovery with a decrease in recovery from ongoing benefit and increase in the amount of debt being recovered by invoice which has a lower collection rate</p>	6
3	Impact of the business rates retention funding mechanism	Due to the delays in the processing of backdated business rates appeals by the Valuation Office and the general volatility of business rate income, there is a risk of achieving the annual income target. The outcome and impact of this is not known. The Revenue and Benefits team are pro-actively working with the Valuation Office to support the development of best practice, in addition to implementing a robust strategy to minimise business rate avoidance and to maximise the overall amount of collectable business rates. Financial modelling of projected income levels and regular income monitoring is undertaken to review the performance against planned levels. This risk has increased following the 2017 revaluations and uncertainty from the revaluation and the Check, Challenge, Appeal process. More recently Check, Challenge & Appeals have increased significantly due to COVID-19.	15
4	Estimated income from Fees and Charges or new Income Generation schemes is not achievable.	Budgets are set on a prudent basis considering current income being achieved or a robust proposal for new income generation. Regular budget monitoring will identify any deviation from the anticipated income levels. The 21/22 budgets have been rebased to take account of COVID-19. There is a risk the impact may be greater than projected. Options for corrective management action will be considered.	6
5	Parking income lower than anticipated	Although there has been a downturn in the pay and display parking income since 2015/16, which had been factored into 2020/21, COVID-19 has had a dramatic impact on revenue in 2020/21 due to various national and local restrictions. We have modelled an income level for 2021/22 based on activity levels in the summer and early autumn when restrictions were loosened. The governments Sales, Fees and Charges Income Protection scheme provides a degree of protection in the first quarter of 2021/22.	9

No	Risk Title/Description	Control	Residual Risk Level
6	Parking income at new Multi-Storey Car Park	The new multi storey car park has been completed next to the railway station. This project is funded from prudential borrowing which is reliant on the parking income received at the new car park to fund the borrowing cost. Whilst high level assumptions have been made on potential income based on external advice, there is still a risk that there will not be any new demand for parking in this area or that users will move from existing MKC parking bays. This will result in a shortfall of income. COVID-19 has at least in the short-term meant the Car Park remains closed (no demand) putting pressure on the overall General Fund Budget.	12
7	Better Care Fund	The current BCF equates to £15.698m. In addition, the Council receives £5.086m iBCF. This funding has been included in the base budget. There are two primary risks relating to this funding: (i) government policy on the future of this funding stream and (ii) how the funding is allocated between Local Government and Health. The government have confirmed funding will continue to 2021/22, although allocations are to be confirmed.	1
8	Clients contributions for Adult Social Care are lower than anticipated	Income from client contributions is volatile and can fluctuate significantly dependent on an individual's assets and whether they are assessed as being able to contribute towards the cost of their care. There is a risk that service users who currently fund their care may become the financial responsibility of the local authority in the future once their capital has depleted. The income budget for client contributions is £7.1m.	9
<b>Expenditure Risks (including Demography &amp; Legislation)</b>			
9	Families with no recourse to public funds who acquire leave to remain in the UK are no longer entitled to benefit payments, extending the period during which the council is legally obliged to provide them with financial support	National lobbying to highlight the impact of this new financial burden on local government; close scrutiny and ongoing monitoring of all applications for support; work with individual families to e.g. support adults in obtaining employment.	3
10	Home to school travel financial pressures	Home to school transport has seen the number of pupils eligible for transport increase by 2.9% from 1,194 in Sept 19 to 1,229 in Sept 20. This level of increase has required new contracts to be procured as a number of the existing contracts are now full. Actions to address this issue includes - transport exceptions and appeals panel to include social care booking requests as part of the process, volunteer driver service is being revamped and relaunched, a review of out of borough contracts for special educational needs placements and mapping of contracts to be reviewed as they are up for renewal to ensure best possible use of each route for individual schools.	6

No	Risk Title/Description	Control	Residual Risk Level
11	Increase in demand for children's social care services as a result of demographic and demand pressures	As at April 20 there were 404 LAC and during the year this has decreased by 8 bringing the total number of LAC to 396 in November 20, however there has been a reduction of 11 UASC children during this period. There has been an increasing number of referrals and children requiring support from children and family services. There has been an increase in the number of children requiring an external placement as a result of their complexities but also due to the lack of in-house capacity. Actions to address these issues include - ensuring internal and externally commissioned service delivery models are based on robust information, delivering best value, continue to invest in preventative services, ensure that children and young people are supported to move on to appropriate alternative care arrangements as soon as it is safe and in their best interests to do so, create in-house provision, audit high costs placements, carry out reviews of placements and ensure placement planning is completed and ensure applications for health funding contributions are submitted where appropriate.	12
12	Unaccompanied Asylum seeking Children	Local authorities have a duty to safeguard and promote the welfare of children in need within their area. Children seeking asylum (UASC) who have no responsible adult to care for them are separated or 'unaccompanied', and are therefore 'in need'. Local authorities have a gateway duty to assess such children under section 17 and then to accommodate them. The number of UASC nationally has been increasing in recent years. In July 16 the national transfer scheme was introduced so that UASC are no longer necessarily cared for in the local authority in which they first present but instead may be transferred to a local authority with greater capacity. The scheme is based on the principle that no local authority should be asked to look after more UASC than 0.07% of its total child population. For MK this would equate to around 45. In MK we are currently supporting 24 UASC which is a reduction of 11 since April 20 when there were 35 UASC. However this reduction is as a result of the pandemic and the borders being closed. It is expected the numbers of UASC will increase in the near future. The grant towards the costs of the placements and support is paid at a daily rate per UASC.	6
13	Homelessness – continuing growth in demand leads to disproportionate cost increases	In the past few years, demand for temporary accommodation for those to whom the council owes a statutory duty has significantly increased whilst the supply of permanent council housing has halved, giving rise to an additional budget pressure of £5.4m in 2020-21. Although the budget provides for some of this growth in demand (£3.9m budget pressure and £1m held in contingency), further increases in demand are still a major risk for the Council. The service has recently moved directorate, and current processes and procedures will be reviewed to determine if there is an opportunity to achieve synergies through joint working with social care. There has also been increased investment in prevention staff to help manage demand and mitigate the financial pressure, this is expected to manage the new demand whilst reducing existing numbers over a 5 year period.	16

No	Risk Title/Description	Control	Residual Risk Level
14	Managing increased demand for Adult Social Care services as a result of demographic pressures	<p>The anticipated pressures in Adult Social Care are quantified and managed through the following;</p> <ul style="list-style-type: none"> <li>- investment in reablement services</li> <li>- ensuring timely and accurate data collection to inform financial planning assumptions</li> <li>- regular review of service delivery models (internal and external) to ensure best value</li> <li>- commissioning services that are cost effective and achieve best value</li> <li>- continued investment in preventative services, including re-enablement models, to enable people to remain in their homes for as long as possible</li> <li>- robust processes for agreeing all care and support.</li> </ul> <p>The budget reflects estimated growth in demand of £1.5m, along with a saving of £0.5m to reflect the specific actions to reduce costs.</p>	8
15	Market Sustainability for Adult Social Care Services including impact of the Living wage and new pension responsibilities on providers and increased demand	<p>The increased costs for providers associated with the Living Wage and other legislative changes have been included in pressures where evidence of the pressure on providers costs has been provided. However, these may only partly mitigate the issue and there may be further requests to assist providers with the funding of these pressures. We will continue to negotiate with providers on a case by case basis and where cost pressures are appropriately evidenced, to ensure business continuity. COVID-19 has added additional stress to a number of providers (increased voids). This is being actively monitored to ensure where appropriate intervention can take place.</p>	12
16	Capacity and capability to implement Budget Savings	<p>Controls: Appropriate senior level leadership for proposals; Additional capacity sourced when required; For the medium term, focus on investment income and shared services to create capacity, pace, opportunity and resilience.</p>	8
17	Contamination of Recycling Materials	<p>Contamination of waste at the Materials Recycling Factory (MRF) is higher than that agreed in the original contract. This reduces the income the contractor receives for recycles and also increases the costs of managing the plant, resulting in claims to MKC for contamination costs. A recharge methodology has been agreed with the Contractor with a corresponding budget provision. In 2020/21 further increases to contamination levels arose due to COVID-19 (increased home working and waste tonnages). An action plan is in place to manage this through educations and communications.</p>	9
18	Brexit	<p>The decision for the UK to leave the EU has a number of risks for the Council's budget. These are detailed in para. 2.89 of the report.</p>	20
<b>Risks 2021/22 - 2024/25</b>			

No	Risk Title/Description	Control	Residual Risk Level
19	Troubled Families Grant Funding	The current Troubled Families programme was due to cease at the end of March 2021 but Government have announced an extension of one year, taking the grant (£0.634m) to March 2022. Beyond this, there still remains uncertainty as to the to whether this funding will continue ongoing. The Troubled Families programme is very successful supporting vulnerable families and MK has successfully engaged 2,441 families in the programme since it started in 2015/16. Funding has been confirmed for 2021/22.	1
20	Business Rates reset and move to 100% retention scheme	The business rates system is due to be reset in 2022/23. The impact from this is unknown but there is a likelihood that the Council will lose growth that it has earned since the current scheme was introduced. The baseline would also change which, in an extreme case, could see a swing from the current position of £9.4m (Growth + 7.5% of baseline income where safety net does not apply). To mitigate the financial risk, surpluses from the Collection Fund are being set aside. The MTFP also includes an adjustment for prior year growth.	12
21	Fair Funding Review	The Fair Funding review could result in the Council receiving a smaller proportion of total funding. This has been deferred and there is currently no timeline in place for this.	12
22	HCA Asset/Tariff could have unforeseen financial liabilities	A Tariff risk reserve has been established to protect the Council to the level of the risk sharing agreement. Due diligence on the assets and Tariff have been undertaken to assess any unknown risks. The risk reserve was reviewed with the Ministry for Housing, Communities and Local Government and the Communities Agency and the risk sharing agreement currently remains in place. An annual review is carried out to reassess the likelihood of any financial risk, this was last completed in October 2018. A further review will be undertaken by 31/03/21.	10