

Risk Assessment of Each Line of the Forecast

APPENDIX D

	Relevant line of the Forecast	RAG Assessment of Risk	Comments
	<i>Underlying Funding Growth in the Budget</i>		
1	Council Tax Increase 1.99%		Although this always remains subject to future Government policy, it is expected that an allowable inflationary uplift will continue to be a feature in the Local Government finance settlement and associated council tax referendum principles.
2	Council Tax increase by £5 (amounts set out are over and above the 1.99% above)		Although similar to the above, there is less certainty around the level of increase that the Government may allow over and above a 'base' inflationary uplift. However it is expected that such increases will be allowable in the short to medium term without invoking the need to hold a referendum. This will remain subject to on-going review.
2a	Council Tax increase by 2.99% (amount set out are over above the 1.99% / £5 increase above)		
3	Growth in business rates - Inflation		Similar to Council Tax above, based on the historic trend of inflationary uplifts in the poundage applied to rateable values, modest inflationary increases are relatively certain over the life of the forecast. However there remains the risk that the Government may 'cap' or 'freeze' future annual increases that may limit additional income available to Local Authorities - although this risk is currently being mitigated via the Government's on-going commitment to 'reimburse' Councils for any 'lost' income.
4 & 5	Growth in business rates / council tax - general property growth		Underlying growth in business rates and council tax are expected to remain relatively stable and robust in the long term, although the longer term impact from the more general economic challenges faced globally / nationally remains unclear at the present time. This is in addition to the potential impact from future Government policy relating to the business rates retention framework and their proposed business rates 'reset'.
6 & 7	Collection Fund Surpluses b/fwd		Although only relatively modest amounts have been included in the forecast, similarly to the above, the longer term impact of the issues identified remain unclear at the present time.

Risk Assessment of Each Line of the Forecast

APPENDIX D

	Relevant line of the Forecast	RAG Assessment of Risk	Comments
	<i>Net Cost of Services and Other Adjustments</i>		
8	Reduction in RSG		Based on recent Government announcements, they have committed to supporting the public sector including Local Authorities. However the uncertainty introduced by the Government's upcoming spending review and the review of Local Government funding from 2026/27 means that this line of the forecast remains one of the primary risks to the Council's long term plan. Updates will be provided during 2025/26 as more information emerges from the Government and the forecast will be updated accordingly.
9	Remove one-off items from prior year		These are known adjustments
10	Remove one-off items from prior year - Collection Fund Surplus		These are known adjustments based on the assumptions set out above concerning the year on year change in the collection fund position
11	LCTS Grant To Parish Councils		Although this in principle remains subject to confirmation of the level of RSG receivable from the Government, to date the Council has remained committed to providing the associated funding to Town and Parish Councils.
12	Revenue contributions to the capital programme		This is based on reoccurring 'base' amounts that support the replacement of IT hardware along with the provision of disabled facilities grants. Any changes to this line of the forecast would be via the management of cost pressures below rather than being a risk in isolation.
13	Specific change in Use of Reserves		Changes in the use of reserves primarily reflect other changes elsewhere in the budget/ forecast so are not a significant risk in isolation.
14	Changes to Savings Identified in Prior Years - E.g. On-going Impact		These are known adjustments based on the preceding year's budget.
15	On-going savings required		This line of the budget fundamentally acts as the 'safety valve' for other changes elsewhere in the forecast and would need to be increased if adverse issues were experienced or estimates were not in line with predictions. Although the long term forecast provides flexibility in the timing of the delivery of such savings, the scale of the estimated savings required remains significant. The Council will continue to undertake the necessary activities to identify opportunities / options within the established Savings Plan framework. This will need to be undertaken alongside the development of corporate objectives / priorities and include wherever possible exploring ways to reduce the Council's costs / liabilities.
16	Other Adjustments		Changes to this line of the forecast primarily reflect other changes elsewhere in the budget/ forecast so are not a significant risk in isolation.

Risk Assessment of Each Line of the Forecast

APPENDIX D

	Relevant line of the Forecast	RAG Assessment of Risk	Comments
17	Use of New Homes Bonus		Unlike earlier years of the long term plan, new homes bonus grant funding along with the benefit of being a member of the Essex Business Rates Pool are included in the forecast on an on-going basis. The risk of building this funding into the base budget is acknowledged, which would undoubtedly require additional savings to be identified in the medium to longer term if they were no longer receivable in future years.
18	Gain from Essex Business Rates Pool Membership		
	Cost Increases		
19, 20 & 21	Inflation and Unavoidable Cost Pressures		<p>Alongside the savings target above, it is recognised that this element of the forecast remains as a significant risk, especially given the amount of unavoidable cost pressures that continue to emerge. Identifying opportunities to reduce such liabilities will need to be a key activity going forward. Although on-going revenue items remain the most difficult items to respond to, one-off items, such as those associated with repairing / refurbishing assets could also have a significant impact on the forecast. One-off funding has been made available elsewhere in the budget to support these one-off costs, which therefore contributes to the mitigation of this risk.</p> <p>Another significant risk to the forecast is external income, especially from elsewhere in the public sector where similar financial pressures are being experienced. Such items include the funding from the major preceptors in respect of the Council Tax Sharing Agreement - This will continue to be reflected in the forecast based on ECC's current commitment, but it may need to be reviewed in future years.</p>