

Medium Term Capital Programme – Key budget risks

Risk number	Category	Risk - cause / event	Impact of risk	Probability of risk (P) Score 1-5	Impact of risk (I) Score 1-5	Score (PxI)	Red (R) Amber (A) Green (G)	Risk control measures	Owner	Review period
1	Financial and Budget Management	Ineffective budget management.	Overspend against budget requiring either reductions on other projects or additional prudential borrowing having an adverse impact on the Revenue Budget.	2	4	8	A	<ul style="list-style-type: none"> Monthly monitoring at service level Quarterly monitoring to Councillors. 	Director of Finance	Quarterly
2	Financial and Budget Management	Loss of ICT facilities e.g. due to failure of systems, loss of key personnel and/or disaster recovery arrangements.	Lack of robust financial information on which to set and monitor budgets, leading to increased projected expenditure requiring other project reductions to be identified or the need for additional prudential borrowing having an adverse impact on the Revenue Budget.	3	4	12	A	<ul style="list-style-type: none"> ICT disaster recovery project and arrangements. Independent project management systems hold information in some instances. 	Director of Finance	Quarterly
3	Financial and Budget Management	Inability to recover all VAT associated with capital expenditure.	Overspend against budget requiring either reductions on other projects or additional prudential borrowing having an adverse impact on the Revenue Budget.	4	3	12	A	<ul style="list-style-type: none"> Close scrutiny of new capital schemes to establish potential VAT implications in order that they can be effectively managed. 	Director of Finance	Monthly
4	Income and Funding	Inability to deliver disposal programme due to: affordability of corporate projects preventing release of sites; local community and member opposition to site disposals.	Loss of funding requiring projects to be delayed / stopped, or additional prudential borrowing having an adverse impact on the Revenue Budget. Unable to meet financial commitments.	3	4	12	A	<ul style="list-style-type: none"> Robust project management systems. Reporting to Capital Programme Working Group. 	Directors	Monthly

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5	Income and Funding	Decline in market for land and property resulting in failure to dispose of land or reduced level of receipt.	Reduced level of receipts requiring either a reduction in other areas of the Capital Programme or additional prudential borrowing having an adverse impact on the Revenue Budget.	2	3	6	A	<ul style="list-style-type: none"> Pro-active management of disposals to maximise receipts, which could include conscious decision to defer sales. Strategic Asset Management Plan. 	Deputy Director of Assets	Monthly
6	Income and Funding	Reduction in level of Government funding after announcements made and programme committed.	Legal / political commitment to projects requiring either a reduction in other areas of the Capital Programme or additional prudential borrowing having an adverse impact on the Revenue Budget.	2	4	8	A	<ul style="list-style-type: none"> Close monitoring of central government policy decisions. Consideration of contingency plans within the capital programme. 	Director of Finance	Monthly
7	Income and Funding	Inability to deliver outcomes / outputs in accordance with grant / S106 conditions.	Clawback of grant by funding organisations requiring either other project reductions or additional prudential borrowing having an adverse impact on the Revenue Budget.	2	4	8	A	<ul style="list-style-type: none"> Robust project management to monitor outputs / outcomes. Reality check of business cases to support bids. 	Director of Finance	Monthly
8	Income and Funding	Grant drawn down against ineligible project expenditure.	Clawback of grant by funding organisations requiring either other project reductions or additional prudential borrowing having an adverse impact on the Revenue Budget.	1	4	4	A	<ul style="list-style-type: none"> Careful, detailed monitoring of project expenditure to ensure robust grant claims. 	Director of Finance	Monthly

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9	Income and Funding	Availability of borrowing.	Lack of funding requiring projects to be delayed or stopped.	5	4	20	A	<ul style="list-style-type: none"> • Close monitoring of central government policy decisions. • Building in contingency plans within the Capital Programme. 	Director of Finance	Monthly
10	Income and Funding	Affordability of borrowing.	Lack of funding requiring projects to be delayed or stopped.	3	4	12	A	<ul style="list-style-type: none"> • Consideration of contingency plans within the Capital Programme. 	Director of Finance	Monthly
11	Third Parties	Contractors ceasing to trade.	Incomplete projects with a need to re-tender for another contractor leading to additional costs requiring either other project reductions or additional prudential borrowing having an adverse impact on Revenue Budget.	2	4	8	A	<ul style="list-style-type: none"> • Departments using external service suppliers work closely with them and are kept abreast of their service and business situation. At worst this gives the Council notice of emerging problems. • Due diligence. 	Directors	Monthly
12	Third Parties	Delegation of programmes to partners e.g. Wolverhampton Homes.	Ineffective budget management.	2	4	8	A	<ul style="list-style-type: none"> • Regular monitoring meetings and clear stipulation regarding information requirements. 	Directors	Monthly
13	Third Parties	Contract delays.	Increased project costs requiring other project reductions or additional prudential borrowing having an adverse effect on the Revenue Budget.	4	3	12	A	<ul style="list-style-type: none"> • Robust project management. 	Directors	Monthly

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14	Third Parties	Lack of contractors bidding for work.	Lack of competition, resulting in increased project costs and reduced VFM.	2	2	4	G	<ul style="list-style-type: none"> Departments using external service suppliers work closely with them and are kept abreast of their service and business situation. This gives the Council notice of emerging problems. 	Directors	Monthly
15	Government Policy	Change in government policy requiring capital investment.	Lack of funding requiring other projects to be delayed or stopped or additional prudential borrowing having an adverse impact on the Revenue Budget.	2	4	8	A	<ul style="list-style-type: none"> Close monitoring of central government policy decisions. Consideration of contingency plans within the Capital Programme. 	Directors	Monthly
16	Service Demands	Change in configuration of services requiring capital investment	Lack of funding requiring other projects to be delayed or stopped or additional prudential borrowing having an adverse impact on the Revenue Budget.	1	4	4	A	<ul style="list-style-type: none"> Consideration of contingency plans within the Capital Programme. 	Directors	Monthly
17	Service Demands	Demand for service increases due to demographic changes requiring capital investment.	Lack of funding requiring other projects to be delayed or stopped or additional prudential borrowing having an adverse impact on the Revenue Budget.	1	4	4	A	<ul style="list-style-type: none"> Close monitoring of service demands to enable the forecasting of pressures. Consideration of contingency plans within the Capital Programme. 	Directors	Monthly