

Appendix A - Financial Risks 2021/22

Service Directorate	Financial Risk Ref. No.	Risk	High/ Medium/ Low	Risk Value £	%	Total Risk Assessment £
Commercialisation	FR1	Adverse possession of land/buildings (litigation costs). Protection of "Village Greens". Signs/fences need to be constructed to avoid residents claiming ownership rights.	M	35,000	25%	8,750
	FR2	Contamination clear-up costs for disposal/vacant sites	M	500,000	25%	125,000
	FR3	Deterioration in the financial position of Hitchin Market increases the cost to the Council of maintaining the market provision.	L	20,000	0%	0
	FR4	Lower income generated from Community Facilities (Hitchin Town Hall and Brotherhood Hall) as the demand for bookings takes time to fully recover following the lifting of Covid-19 pandemic restrictions.	H	100,000	50%	50,000
	FR5	Lower income generated from Hitchin Town Hall Café and Museum Shop as footfall takes time to fully recover following the impact of the Covid-19 pandemic and the associated economic downturn.	H	25,000	50%	12,500
	FR6	Increase in rent defaults on the Council's existing Investment Properties due to the economic downturn.	H	200,000	50%	100,000
Customers	FR7	Fines for breaches of the EU General Data Protection Regulation by the Council or by NHDC outsourced providers when handling and storing data originally collected by NHDC	L	500,000	0%	0
	FR8	Bad Debt Provision may need to increase in light of the roll-out of Universal Credit and in particular the managed migration of working age housing benefit clients to Universal Credit.	M	70,000	25%	17,500
	FR9	Ransomware attack results in the write-off of IT hardware and infrastructure.	L	200,000	0%	0
	FR10	Failure to meet projected Careline sales income as a result of the loss of a corporate client or fall in the number of private clients.	H	50,000	50%	25,000
Legal & Community	FR11	District by-election	L	4,000	0%	0
	FR12	Legal team resources - requirement due to recruitment/retention issues to use temp. staff or outsource work. Additional external expertise for assistance with the delivery of key Corporate projects or Governance issues	M	100,000	25%	25,000
	FR13	Legal expertise related to employment cases	M	50,000	25%	12,500
	FR14	The Council is required to meet the cost of any award from new or ongoing judicial reviews.	H	100,000	50%	50,000

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	FR15	Possible procurement challenge. Legal costs and costs of re-tendering if necessary.	L	100,000	0%	0
	FR16	Costs incurred from an increased number of prosecutions pursued in court, for example due to persistent flytipping.	M	50,000	25%	12,500
	FR17	Domestic Homicide Review – requirement for additional resources to respond	H	15,000	50%	7,500
	FR18	The council is forced to re-tender a major contract if a contractor is unable to deliver a contract for any reason .	L	300,000	0%	0
	FR19	Increase in the net cost of recycling services due to either or all of ; adverse changes in the market prices for commodities; a reduction in the volume of recyclates collected; a change in the material composition of the recyclates collected	H	500,000	50%	250,000
	FR20	Reduction in funding from third party agency agreements for contracted grounds and/or tree maintenance works.	M	50,000	25%	12,500
Place	FR21	Costs resulting from a localised flooding event that is associated with water courses within the responsibility of NHDC to maintain.	L	50,000	0%	0
	FR22	Cost of felling and destroying trees as a result of pests and tree disease.	L	75,000	0%	0
	FR23	Cost of maintaining service provision in the event of major contract failure.	M	1,000,000	25%	250,000
	FR24	Income from Trade Refuse is adversely affected by economic downturn.	M	300,000	25%	75,000
	FR25	Lack of resilience in delivering key statutory services, such as Environmental Health, Planning and Parking, when staff absence occurs (other than normal leave) e.g. medium/long term sickness, staff resignations, redeployment to other duties etc, increases expenditure on agency staff and / or consultancy advice to maintain service provision.	H	40,000	50%	20,000
	FR26	Increase in net cost of measures to address homelessness/rough sleeping and meeting obligations/projects as a result of for example: absence of government funding / reduced government funding, national and local situations etc.	M	250,000	25%	62,500
	FR27	Dangerous structures - where the Council is unable to recover either or both of; the costs incurred in making the structures safe because, for example, the owner of the property is not known or the land/building is unregistered; the costs involved in seeking to recover the expenditure incurred.	L	50,000	0%	0
	FR28	Specialist advice required with regard to planning applications, e.g. town centre schemes and "hostile applications"	M	100,000	25%	25,000
	FR29	Costs associated with a challenge to a decision of the Council, for example an appeal against a planning decision, judicial review or threat in advance of a planning decision, Secretary of State call in or holding direction.	H	500,000	50%	250,000

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Regulatory	FR30	Enforcement – costs in relation to enforcement for example: investigations to enable consideration of enforcement action, specialist legal or other advice, direct action / appeal processes, recovery of illegal earnings.	M	100,000	25%	25,000
	FR31	New duties and obligations associated with government policy, e.g. Brexit, requiring additional training or additional and/or specialist staff or consultancy support to deliver.	M	100,000	25%	25,000
	FR32	Local Plan: additional costs associated with progressing the Local Plan.	H	250,000	50%	125,000
	FR33	Local Plan: costs associated with a challenge to the Local Plan either from the Council or another stakeholder/authority	H	450,000	50%	225,000
	FR34	Theft of, or damage to, parking pay & display equipment	M	20,000	25%	5,000
	FR35	Income related to planning applications is lower than the budget expectation as a result of a delay to Local Plan progress or the economic impact of Brexit.	H	250,000	50%	125,000
	FR36	Hertfordshire Home Improvement Agency fail to recover sufficient fees, based upon application throughput, resulting in additional payment requested by HCC to cover costs.	H	15,000	50%	7,500
Resources	FR37	Assumed vacancy saving within staffing payroll budgets does not materialise as a slim staffing structure reduces both employee turnover and the capacity to hold posts vacant for any significant period of time.	L	300,000	0%	0
	FR38	Breach of partial-exemption calculation for VAT	L	300,000	0%	0
	FR39	Reactive maintenance required in the year exceeds the allocated budget provision.	M	50,000	25%	12,500
	FR40	Localisation of Business Rates – The council is directly exposed to a range of risks including; business rates levy, safety net.	L	130,000	0%	0
	FR41	Member/Officer Indemnity Agreement is called upon	L	100,000	0%	0
	FR42	Further payments are required under MMI scheme of arrangement	L	20,000	0%	0
	FR43	Treasury Management - potential default by a counter party	L	3,000,000	0%	0
	FR44	Difficulty in recruiting Facilities Assistants results in higher expenditure on agency staff	L	10,000	0%	0

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	FR45	Employment related risks related to outsourcing, shared services and restructuring	M	250,000	25%	62,500
	FR46	Reduced staffing capacity means that the delivery of efficiency proposals or investment projects is delayed and / or additional staffing resource must be hired externally at a cost premium to the Council.	M	50,000	25%	12,500
	FR47	Alternative arrangements are required to secure the outcomes expected from the corporate compliance contract.	H	75,000	50%	37,500
	FR48	Alternative arrangements are necessary to secure the outcomes expected from the corporate occupational health contract.	H	20,000	50%	10,000
	FR49	Relates to an environmental warranty that was provided to North Herts Homes on the transfer of the Housing stock.	L	209,000	0%	0
	FR50	The outcome of the negotiations between the Council's External Auditor and the Public Sector Audit Appointments is an increase to the annual external audit fee.	H	25,000	50%	12,500
	FR51	Cost of annual Housing Benefit Subsidy Certification is higher than budgeted due to additional audit fieldwork required.	H	50,000	50%	25,000

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