Aberdeenshire Council 2024/25 Budget – Appendix 2

MEDIUM TERM FINANCIAL STRATEGY

1. Introduction

Aberdeenshire Council, like many councils across Scotland, is navigating through ongoing financial challenges amidst rising costs and heightened demand for local services. This environment has become the new norm, prompting us to adapt and find sustainable ways of operating. As government financial settlements decrease in real terms, we are tasked with meeting the evolving needs and expectations of our local communities.

Our Medium-Term Financial Strategy (MTFS) plays a crucial role in this endeavour. It provides a roadmap for understanding available resources, assessing the costs of current services, and planning for the implementation of new services. By embracing this reality and proactively planning, we can effectively manage the tough operating environment and continue to serve our communities to the best of our ability.

By adhering to the Strategy's key objectives, we have successfully achieved a balanced budget position for the financial year 2024/25. This accomplishment has required:

- Policy changes to Council Tax and Business Rates
- A cap on borrowing costs resulting in a reduced but prioritised capital plan
- Savings through our Transformation programme
- Targeted budget savings
- Change to pension contributions.

Our projections indicate a funding gap of £113 million over the remaining 4 years of the MTFS, underscoring the importance of the MTFS to ensure the Council's compliance with the legal requirement to balance the budget from 2025/26 onwards.

A pivotal component of our efforts to address the current and future budget gap is our comprehensive transformation programme. This programme aims to fundamentally reshape the organisation by reevaluating and rethinking our frontline service delivery, internal governance, back-office functions and making substantial investments in digital enhancements.

Currently the value of the transformation proposals are insufficient to bridge the budget gap for 2024/25, so budget savings proposals have been identified to close the gap. In future years, it is expected that more transformation proposals will be agreed and implemented thus generating additional savings and reducing the need for further targeted budget savings proposals.

Given the dynamic and demanding environment in which we operate, we have made certain assumptions regarding the resources available to the Council for funding the services we offer. However, these assumptions are continuously reassessed to adapt to evolving circumstances or new information regarding known risks.

Moreover, it's crucial to recognise the potential for increased restraint in 2024/25 as additional pressures arise or risks materialise. It's evident that setting the budget in February does not represent a static position. If diligent cost control and prudent budget management fail to deliver agreed policies within the allocated resources, it might require a reassessment of the strategy to align with current circumstances.

Policy committees and the council will need regular updates and may need to revise existing work programmes and policies to accommodate any identified financial pressures to bring about a break-even position.

2. Aberdeenshire Council's MTFS

Aberdeenshire Council's MTFS is a strategic document that supports the delivery of the Council Plan and associated priorities. The MTFS establishes how the Council's priorities will be achieved by setting out the framework within which resources are available over the medium term and the financial challenges facing the Council in terms of future funding gaps.

The MTFS provides the link between the Council's medium-term priorities and its financial capacity which effectively asks the question "Is it feasible to attain the strategic objectives within the existing financial framework?" and essentially should include the consideration of the broad range of factors that influence the Council's long-term financial sustainability.

The Principles of the MTFS:

- The overall financial strategy will direct the Council's resources to the delivery of the Council Plan and Priorities.

- Financial sustainability will be achieved and maintained through transformation, greater partnership working, targeted investment, reducing costs and more efficient ways of working.

- The Council's MTFS will be reviewed on at least an annual basis and plan for each year to balance without reliance on the use of the general reserve.

- The Council will consider a range of delivery mechanisms and funding sources to support capital investment to deliver the Council Plan and Priorities, including the use of prudential borrowing, and will ensure that the full costs associated with financing the investment are considered when investment decisions are taken.

- The Council will aim to promote and stimulate strong and sustainable economic growth by working with partners across our communities to lever in financial support and deliver local initiatives.

- The Council will maintain a working balance to cover any major unforeseen expenditure, the value of which will be reviewed annually.

- The Council will maintain earmarked reserves for specific purposes which are consistent with achieving its key priorities and to mitigate known potential risks. The use and level of earmarked reserves will be reviewed at least annually.

- Overall Council spending will be contained within agreed budgets. Where financial performance reporting indicates that this will not be the case, Directorates should prepare plans setting out the remedial actions required to reach a within budget position. The overall budget position will be scrutinised monthly by the Strategic Leadership Team, as well as reported regularly to Policy Committees and Full Council.

The MTFS is linked to the Council Plan, a summary of which can be found on the Council's website. The Council Plan was informed by the Strategic Assessment, which is the Council's objective data led assessment of what economic, social, and environmental impacts are affecting the Council currently and in the future which in turn helps inform and support future decision making.

Aberdeenshire Council is currently forecasting a funding gap from 2025/26 onwards. Forecasting this deficit allows the Council to plan appropriately.

The MTFS and budget setting process carefully assesses several crucial factors. This includes an examination of the financial resources available to the Council and its overall sustainability. It considers macro influences that impact the Council's finances, as well as local factors influencing its aims and priorities. Additionally, a focus is placed on meeting the requirements for delivering Best Value to Aberdeenshire residents. Medium-term financial planning plays a pivotal role in making strategic decisions related to service delivery, efficiency, and potential service reductions, aligning with key objectives outlined below:

- To ensure that effective financial planning and management contributes to the Council achieving the priorities in the Council Plan.
- To ensure that the Council is financially resilient, and sustainable for the future.
- To maximise the income from Council Tax and chargeable services to support the priorities of the Council.
- To forecast the influences on the resources available to the Council and to plan for the real reduction in these resources over the life of the Strategy.
- To estimate the service expenditure requirements over the life of the Strategy to ensure best value is achieved and resources are utilised to deliver on the Council priorities where outcomes are measurable and have real impact.
- To continue to demonstrate best value – managing our people and money more efficiently and effectively to continue to transform services, standardise, streamline, and share best practice, getting better value from procurement, working with communities whilst seeking to minimise the impact of budget savings on priority services.

3. National context

In May 2023, the Scottish Government published its updated "Scotland's Fiscal Outlook, the Scottish Government's Medium-Term Financial Strategy" MTFS for the period spanning from 2023/24 to 2027/28. While it's important to note that the MTFS does not replace or supersede the annual Scottish Budget process, it does, nevertheless, provide valuable insights into future funding allocation and national-level spending priorities.

In a broader context and considering the most probable expenditure and revenue scenarios, the MTFS suggests that while taxation, block grants, and other income sources are expected to rise until 2027/28, they are not projected to match the growing expenditure requirements. A deficit of £1 billion was anticipated in 2024/25, increasing to £1.9 billion by 2027/28. While the 2024/25 deficit has since reduced with a balanced budget position published in December 2023 for 2024/25, future year deficits remain. Additionally, due to escalated project completion costs, significant declines in capital funding, in terms of actual cash, are also foreseen. Consequently, the Scottish Government has emphasised the necessity for making tough and prioritised spending decisions throughout the entire MTFS period.

On 30 June 2023, an agreement known as the Verity House agreement was formally signed by the Scottish Government and COSLA Verity House Agreement. This agreement outlines mutually agreed-upon priorities, focusing on addressing poverty, facilitating a fair transition to a net-zero economy, and ensuring the sustainability of public services. The agreement encompasses enhanced involvement in budgetary matters, a dedication to establishing a fiscal framework, and a comprehensive assessment of Specific Grants and in-year transfers, with the goal of enhancing flexibility for local councils.

In December 2023, a progress report was published on the development of the fiscal framework between Scottish Government and Local Government Progress Report - December 2023. This reported that progress has been made on a draft framework, and some of this has already been put into practice including improved evidence-based pre-budget discussions and joint working to consider new local taxes and reform of existing local taxes. However, there remains more to do, including a need to consider the options and impact of a rules-based approach to setting the budget for local government. A joint exploration of that is ongoing.

On 19 December 2023, the Scottish Government published its Scottish Budget for 2024/25 Scottish-Budget-2024-25. This highlighted that public finances continue to face significant challenges.

The Scottish Government has continued to publish a single-year spending plans for 2024/25 and will revisit the multi-year outlook in its next Medium Term Financial Strategy due for publication in May 2024.

4. Local Context

The MTFS is based on a financial forecast over a rolling timeframe from 2024/25 to 2028/29 and identifies the funding gap over this period which informs the annual budget setting process. The MTFS considers the Council's revenue and capital requirements and the funding to support this which includes government grants, borrowing and investments, income from fees and charges as well as the use of balance sheet resources such as reserves and provisions.

Local authorities are legally obliged to set a balanced budget each year and to ensure they have enough reserves to cover any unexpected events. Therefore, to legally balance the budget the Council must make spending plans affordable by matching it to the estimated funding available over that time. The gap between the two amounts is referred to as the "funding gap". Thus, the funding gap is a combination of the Council's best estimate of the budget needed to meet the scope and standard of services, policy decisions made by the Council, alongside rising cost pressures and demands for services and anticipated income.

This report provides a balanced budget for 2024/25 but given the funding gap for future years of £113 million, this strategy provides the framework to support the Council to satisfy the legal requirement to balance the budget from 2025/26 onwards.

Aberdeenshire Council, like all councils across Scotland, is facing unprecedented financial challenges. Last year, we predicted a budget gap in of £91.778 million across our MTFS and this has continued to rise due to the ongoing challenges out with our control; ongoing economic challenges, recovery or perhaps the new normality following the pandemic, and Russia's war in Ukraine has had a global impact driving a cost-of-living crisis. We continue to see volatility in our supply chains and interest rates continue to fluctuate as the Bank of England seeks to manage inflation.

The significant impact on our budgets necessitates strategic adjustments to ensure ongoing financial sustainability. During the budget setting process, our forecasts revealed an overall budget pressure increase of £67 million for 2024/25. However, this estimate was revised and mitigated by accepting some risks and anticipating reductions in inflationary pressures throughout the year.

The convergence of rising costs and heightened demand for local services presents a strategic challenge for Local Government. As government financial settlements decrease in real terms, it is imperative to balance financial constraints with the evolving needs and expectations of local communities.

Budget reductions in other public sector organisations will adversely affect both the Council and the Health and Social Care Partnership. Councils frequently serve as a safety net for individuals facing crises, and the impact of cuts to other sector budgets is exacerbating the number of individuals reaching crisis points. Equally our decisions will undoubtedly impact on 3rd Sector organisations and other public sector organisations.

This is in part mitigated by the Aberdeenshire Community Planning Partnership - collaborative endeavour among the public, private and voluntary sectors to enhance service delivery within the Aberdeenshire Council area. The partnership is comprised of entities such as Police Scotland, NHS Grampian, Scottish Fire and Rescue Service, Scottish Enterprise, Nestrans and Aberdeenshire Voluntary Action (AVA). The Local Outcomes Improvement Plan or LOIP provides a vision, based on agreed local priorities, to which partners work systematically and collaboratively to meet the needs and aspirations of local communities.

The confluence of escalating costs and heightened demand for services presents a strategic imperative for the Council. As Scottish Government Settlements decline in real terms, it is essential to navigate this challenging landscape while balancing the evolving needs and expectations of local communities.

In instances where meeting all needs and demands becomes unfeasible, it necessitates a shift to promoting self-reliance within families and communities. This approach aligns with our Council Plan which underscores the importance of prioritising the support for the most vulnerable while encouraging proactive engagement from stakeholders, thus ensuring that resources are allocated effectively.

Colleagues across the Council acknowledge the significant challenge ahead and are committed to strategically managing their allocated resources. This involves implementing measures such as cost control, exploring revenue enhancement opportunities, reviewing vacant positions and service efficiencies, and engaging in transformation programmes and service redesign. Throughout these efforts, the impact on service scope and quality remains a key consideration.

Budget setting inherently involves risks, and it is incumbent upon all budget holders to prudently manage expenditures, making necessary adjustments to align with our financial constraints. Councillors play a pivotal role in regularly evaluating our progress against this strategy to ensure adherence to our financial objectives.

As the year progresses, we may need to show more restraint if new pressures arise. Setting the budget in February isn't set in stone - we'll take necessary steps to stick to our financial limits. This might affect future service delivery and policy and work programme changes, requiring scrutiny through Policy Committees and the Full Council.

As outlined in the Revenue Budget, the Council estimates that overall, it will need to close a financial gap of £113 million to 2028/29. The gap is summarised as follows:

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Estimated Base Budget	753	784	817	847	872
Estimated Funding	(753)	(754)	(758)	(759)	(759)
Transfer to/(from) Reserves					
Cumulative Funding Gap	(0)	30	58	88	113

5. Revenue Budget – Assumptions

To set a 5-year budget, several assumptions are required to be made regarding future uncertainties. These include assumptions around inflation, energy prices, pay awards, borrowing costs and future funding as detailed in **Appendix 3A.**

When making any assumption there necessitates an acceptance of risk, should the reality differ from the assumption taken. Any future changes affecting these assumptions, for example, interest rates, will impact the MTFS, and mitigations will be required to be found to bring future budgets to a balanced position. The table below highlights the potential financial risks associated with some of the key expenditure assumptions included in the proposed budget.

Assumption	+1% £m	+2% £m	+3% £m	+4% £m	+5% £m	+10% £m
General Inflation - 3%	1.46	2.91	4.37	5.83	7.28	14.57
Teachers Pay - 3%	1.85	3.69	5.54	7.39	9.24	18.47
Local Government Pay - 3%	2.31	4.61	6.92	9.22	11.53	23.05
Electricity - 17%	0.13	0.27	0.40	0.54	0.67	1.34
Gas - 10%	0.05	0.10	0.14	0.19	0.24	0.48

During the budget setting process a potential funding gap of over £67 million was identified, this estimate was based on Industry indices for price increases, demography changes and associated expected demands for services. These were subsequently revised with services accepting a level of risk.

The Council has historically assumed a flat cash position (0%) regarding Scottish Government General Revenue Funding. This is considered the most prudent approach as it does not pre-empt any future additional funding allocations.

For planning purposes, we've assumed no Council Tax increase in future years. However below, we've outlined potential scenarios indicating required increases in Council Tax to bridge the funding gap. For instance, in 2025/26, without additional savings, a 18% Council Tax increase would be needed for budget balance. Conversely, with savings levels consistent with the average of the last four years, the increase would be 9%.

	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Scenario A - if no additional savings agreed:				
Council Tax increase	30	58	88	113
	18%	35%	52%	68%
Scenario B - if average savings agreed (based on previous 4 years)				
Savings	15	15	15	15
Council Tax increase	15	43	73	98
	9%	26%	43%	59%

Any increase or decrease in these assumptions would result in the following additional income or budgetary pressures.

Assumption	-10%	-5%	-4%	-3%	-2%	-1%	+1% £m	+2% £m	+3% £m	+4% £m	+5% £m	+10% £m
General Revenue Grant - 0%	45.24	22.62	18.10	13.57	9.05	4.52	- 4.52	(9.05)	(13.57)	(18.10)	(22.62)	(45.24)
Council Tax - 0%	16.77	8.38	6.71	5.03	3.35	1.68	- 1.68	(3.35)	(5.03)	(6.71)	(8.38)	(16.77)
Fees and Charges - 3%	3.02	1.51	1.21	0.91	0.60	0.30	- 0.30	(0.60)	(0.91)	(1.21)	(1.51)	(3.02)
General Capital Grant - 0%	1.97	0.98	0.79	0.59	0.39	0.20	- 0.20	(0.39)	(0.59)	(0.79)	(0.98)	(1.97)

6. External Influences

The United Kingdom economy and public finances are still recovering from the impact of the global Covid-19 pandemic, a global security crisis following Russia's war in Ukraine, which has had a global impact driving a cost-of-living crisis and rising energy costs. There is also volatility in our supply chains and interest rates continue to change as the Bank of England seeks to manage inflation. Severe weather, which has been experienced many times in recent years, also presents a risk that the Council incurs further significant levels of expenditure in response.

All these external influences and a few more detailed below, have been taken into consideration when preparing the Council's Medium Term Financial Strategy, but will continue to pose a risk throughout this and future financial years.

- Future Local Government funding settlements will be influenced by many aspects of the wider economic climate and UK and Scottish Government policies resulting in uncertainty over future funding levels.

- Pay settlements for both the Local Government pay scheme and Teachers for 2024/25 will be decided later in the financial year and therefore may be more than budgeted assumptions resulting in further financial pressures.

- There are current challenges in the construction sector and supply chain pressures are emerging across all sectors of the economy. There is accordingly a risk in expenditure pressures within both the Revenue and Capital Budgets increase over the short and medium term.

- The Medium-Term Financial Strategy assumes levels of growth in the number of properties becoming liable for Council Tax. These assumptions are based on levels of growth currently being experienced. If these levels of growth in the number of properties do not continue there is a risk to the budgeted level of Council Tax income.

- There is a risk that levels of Service specific inflation exceeds budgeted provisions.

- The economic climate and increases in the cost of living may increase need for and expenditure on Council services – particularly around poverty. As far as possible, this risk will be managed within the Council's available resources.

- The Council has experienced several severe weather events in recent years. These present a risk that the Council incurs further significant levels of expenditure in response. While the Bellwin Scheme, operating under Section

155(2) of the Local Government and Housing Act 1989, enables Scottish Ministers to provide additional revenue support to local authorities for addressing unforeseen costs related to emergency incidents, the Council must first meet the specified threshold of 0.2% of the local authority's budgeted net revenue expenditure before receiving assistance from the Scottish Government. The Council does not budget for such events and if could not meet from within the revenue budget would be required to draw on reserves.

7. Inward Investment

Aberdeenshire Council has secured £20m of Levelling Up funding to enhance the Peterhead Cultural Quarter and expand the Macduff Marine Aquarium. This investment is poised to boost letting income and admission fees at the aquarium, contributing to economic growth, and mitigating the pandemic's impact on public services as part of the UK Government's Levelling Up initiative aimed at equalizing opportunities nationwide.

8. Capital and Prudential Borrowing

The Council's capital investment programme is set out in the 15-year Capital Plan as detailed in Appendices 4,4A,4B. The Council's Capital Plan considers the capital investment requirements to deliver the Council's priorities against the affordability within the overall MTFS. The effective use of capital resources, including asset management, is fundamental to the Council achieving its medium and long-term strategic objectives. The plan is funded by a combination of General Capital Grant from Scottish Government, Capital Receipts and Borrowing.

Capital investment has a significant impact upon the local economy and helps to ensure that the Council can continue to provide the best possible services and outcomes within Aberdeenshire. Any capital investment decision will have implications for the revenue budget. The revenue costs over the lifetime of each proposed capital project are considered when the project/programme is being developed to ensure that the impact can be incorporated within the Council's budgets and to demonstrate that the capital investment is affordable. The Revenue implications may include the costs associated with supporting additional borrowing as well as any changes to the running costs associated with the asset or wider benefits to the Council such as the delivery of ongoing revenue budget savings or additional income.

The Council continues to explore external funding possibilities when developing capital projects. Generation of capital receipts can also help to provide resources to support additional capital investment or can help to reduce the borrowing requirement and therefore the cost to the revenue budget.

As part of the MTFS officers undertook an assessment of the Capital Investment 'Needs and Wants' of services over the 15 years of the capital plan, which highlighted the impracticality and unaffordability of the plan over this period. The exercise underscored the necessity to prioritise and curtail the capital plan to mitigate the impact of borrowing expenses on future revenue budgets. Put simply, higher borrowing will necessitate more significant future cuts to services. The exercise showed borrowing costs increasing from around £40m in 2024/25 to over £116m in 2036/37, with the % borrowing costs to net revenue streams increasing from 6% to 15%.

To maintain the continued affordability of borrowing over the 15-year period options for constraining the borrowing were considered.

The cost of borrowing is primarily driven by the prevailing interest rates, and consequently, imposing a fixed limit on the quantity of loans may be seen as an oversimplified approach for long-term borrowing modelling and doesn't accommodate fluctuations in interest rates.

We have adopted a more refined strategy setting a cap of 8.5% on the maximum borrowing (financing) cost as a percentage of our net revenue streams. Some councils also choose to encompass PFI/PPP payments within this threshold. (Aberdeenshire Council PFI/PPP is around 1% to 1.5% of net revenue stream), we have opted to exclude this.

The setting of this cap will enable the council to flexibly align its borrowing requirements with forecasted interest rates and increases to income streams and make necessary adjustments to the capital plan.

9. Reserves

The level, purpose and planned use of reserves are important factors for the Council to consider when considering its Medium-Term Financial Strategy. As part of the annual budget setting process, the Council must review the level of reserves to ensure that there is adequate protection against unforeseen events and that the allocation, and the planned use of reserves is still appropriate. This review and the proposed use of reserves going forward, is included in **Appendices 12 and 12A**.

In the Annual Audit Report for 2022/23 Annual Audit Report 2022-23 - External Audit, the Council's external auditors advise that the Council holds a sufficient level of reserves, but it noted that it will have limited flexibility to place reliance on reserves to bridge future funding gaps.

There are no plans to use reserves to close the funding gap over the life of the MTFS.

10. Transformation and Savings

A key part of our journey to close the future budget gap, will be a major transformation programme that has been developed for the years ahead, looking at fundamentally reshaping our organisation through our approach to frontline services and by further investing in digital improvements. We anticipate some £6.2m of savings will be achieved through this programme.

This will be informed and underpinned by our Place Strategy which will be agreed mid 2024 which will help us to determine how we deliver services within locations throughout Aberdeenshire, by ensuring that we make better use of our assets, closer working with partners and agencies to bring about a joining up of all services at a local level.

In November 2023, the Council endorsed its Transformation Strategy which set out proposals for a rolling programme of transformation, driving improvement in customer service and the employee experience, delivering better outcomes, and generating savings. The programme will be multi-layered, with a twin-track approach supporting continuous improvement, service redesign and process re-engineering embedded as part of everyday working practices across all services.

Track 1 – Themed Transformation. Each of the following five themed areas will be led by a chief officer and supported by a project manager and delivery team:

- Organisational Design and Operational Structure
- Building and Estate
- External Collaboration and Partnership
- Big Data, Digital, and Technology
- Transport

Track 2 – Team Transformation. There is a fundamental push towards transforming the way that teams operate, with service redesign at the heart, looking at the customer journey, making full use of digital technology to drive efficiencies, reskilling staff to respond to future needs, organisational design, and process re-engineering. Every team will be tasked, as part of a rolling programme, to consider “what does good look like?”.

Business cases are being developed by officers, setting out proposals for changes and transformation of what services the Council provides and how they are provided, and the financial savings that will be achieved through implementing the changes proposed.

All investment must be supported through the development of a business case which must set out a clear rationale for investment, links to the Council Plan and Priorities. Outcomes, including financial savings and wider efficiencies, must be clearly articulated along with a clear Return on Investment. The Business case must also be supported by a detailed Integrated Impact Assessments, so there is a clear appreciation of the impacts (both positive and negative) the changes will have on our residents and on people with protected characteristics.

Councillors have a critical leadership role in the transformation programme. Business cases will be presented to the relevant policy committee(s) where, using the experience and knowledge of the Committee, the business cases can be scrutinised and amended as required. The following governance model has been set out within the Transformation Strategy:

Directorate Management Teams (DMT)/ Service Transformation Board's	•Scrutine service tranformation proposals •Monitor progress •Capture and report benefits
Collaboration Board	•Cross service peer review
Senior Leadership Team (SLT)	•Approve business cases for onward consideration
Policy Committtee	•Approve business cases •To recieve regular updates on progress
Programme Management Office (PMO)	•Support project delivery (where required) •Monitor project delivery
Full Council	•Overview of the programme •Updates twice a year •Financial updates via the MTFS

11. Value for Money

It is incumbent on the Council to deliver value for money for the residents of Aberdeenshire. In the Annual Audit Report for 2022/23 Annual Audit Report 2022-23 - External Audit, the Council's external auditors concluded that it had not identified any significant risks in relation to the Council's Best Value arrangements.

The report highlighted the Council's clear Vision and Priorities, acknowledging the integration of citizens' and communities' perspectives in decision-making processes. It also noted the establishment of a Place Strategy but underscored the need for adequate resourcing to ensure effective implementation and delivery.

Additionally the report emphasised the importance of maintaining the current effective governance practices to ensure a sustainable approach in fulfilling its priorities. It stressed the need to focus on transformation, considering both the depth and speed of changes, to ensure not just financial sustainability but also service delivery sustainability amidst potential future funding gaps.

Furthermore, the report addressed a significant increase in the projected funding gap for upcoming years and stressed the importance of avoiding reliance on non-recurrent savings and reserves.

12. Risks

Setting a budget entails inherent risks, including the unpredictability of economic conditions affecting revenue sources and expenditures, potential inaccuracies in assumptions about trends and needs, and the challenge of navigating unexpected events.

Assuming savings from transformation programmes entails inherent risk due to several factors. These include the time lag between initiating changes and realising cost reductions, potential implementation challenges, behavioural barriers to change, and external factors such as economic fluctuations.

Good financial management is crucial to address these risks, ensuring financial sustainability, effective service delivery, and preventing overreliance on temporary solutions, and the successful implementation of transformation initiatives. The Budget Risk Register – Appendix 3B.