

Risk 2	Failure to produce and deliver a balanced budget which allows the successful delivery of priorities
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Impacts														
Missed Opportunities	Management distraction	Service Disruption	Impaired Performance	Breach of Contract/asset loss	Staff morale	Govt. Intervention	Financial Cost	Damaged Reputation	Health and Safety	Inefficiency	Strategy change	Impact	Probability	Lead Officer
■	■	■	■	□	□	■	□	■	□	■	■	H	H	Head of Finance

Causes	Mitigating Controls	Control Owner	Effectiveness (H/M/L)
Impact of externally driven significant budget uncertainties - pensions, RSG settlement, concessionary fare funding.	Allowance of £600k in budget savings target. Strong responses to consultation on RSG and Concessionary fares funding formulae. Consultant engaged to model costs of new national concessionary fares scheme. Provision already made in budgets towards some pensions uplift. Savings target to be updated as these issues are clarified.	Head of Finance	H
General Fund savings target £5.26m or 8% of controllable cost for 2008-09. First round savings have £1.4m to find	Headcount reduction targets and establishment control processes should yield further savings. Directors each charged with delivering further £0.3m. De-tiering following senior management restructure also to generate savings. Delivery of 2007-08 budget on target could permit small contribution from balances in 2008-09.	Chief Executive/Executive Directors	H
Ongoing Single Status review	£800,000 built into 3 year budget but there are concerns that this may not be sufficient. As Single Status review progresses, we are updating assessment of potential costs.	Head of Human Resources	M
Long-term RSG increases less than local government average (and our costs) because of changes grant formulas or population estimates.	Medium Term Financial Strategy model developed which can project likely funding, income and expenditure plans and risks/challenges to the budget.	Head of Finance	L
Failure to understand where significant savings might be made.	Ongoing VFM programme to investigate areas highlighted by the Audit Commission as high cost. Alternative ways of delivering savings worked on by managers. Shared Services options with local partners under investigation.	Executive directors	M
Failure of accounting systems to identify budget pressures in a significant area (e.g. one with more complex finance areas with grants etc)	Adequate minimum levels of reserves to provide "breathing space" to manage contingencies	Head of Finance	H
Increased dependence on external fees and charges GF income which may vary according to usage etc	Annual review of fees and charges to ensure they are set at the right level to maximise income and/or achieve policy objectives. Ongoing monitoring of income budgets to identify problems.	Executive Directors	M
Failure to manage key processes leading to loss of income (eg poor debt collection allows uncollectible arrears to rise)	Monitoring by Directors and Scrutiny. Internal Audit programme reviewing key systems.	Executive Directors	M
Failure to prioritise so that the budget is unrealistic	Budget consultation and prioritisation process that will enable clear decisions to be made about where to focus resources	Chief Executive?head of Policy & Performance (links to Corporate Plan)	M
	Revised probability score		L
	Revised impact score		M

Action #	Specific Action	Required Outcome	Milestone date	Member/Officer Accountable	Management Response - latest position
1	Budget revisions, further savings and review of risks	Budget for 2008-09 balanced and not over reliant on high risk savings	EB Jan 08	Head of Finance	balanced budget achieved for 2008-09
2	RSG announcement (3 years)	Grant confirmed	Dec-07	Head of Finance	3 year settlement confirmed but sub inflation levels of increase awarded.
3	Single status cost modelling, jobs graded on new pay scales	New pay structure affordable within current provision	Apr 08?	Head of HR	Pay modelling in place and costs model being checked June 2008.
4	Ensure 2007-08 budget delivered	Spending contained within budget	Outturn Apr 08	Chief Executive/Eds	2007-08 budget delivered with underspend and one-off additional income.
5	VFM review mapping performance against cost	Identification of areas for next Vfm studies	Dec-07	Head of Finance	KPMG due to report June/ July.
6	Budget consultation with range of stakeholders	priorities identified and acted on	Dec 07/jan 08	Leader/Chief executive	Results of budget consultation incorporated into final budget

Early Warning Indicator	Description of Early Warning Indicator / Source of Assurance	Monitored By ?	How often is indicator monitored / assurance required?
1	Revenue or capital budget varies by more than given % (tolerance between 2 - 4%)	HoS/ED and Head of Finance	Revenue and capital budgets for 2007-08 underspent
2	Agreed budget savings not on track	Eds, Finance Scrutiny	Traffic lights monthly reporting with almost all planned savings delivered and those not achievable replaced by other efficiencies.
3	Income budgets varies by more than given % (tolerance between 2 - 4%)	HoS/ED and Head of Finance	
4	Risks and opportunities against budget kept under review	HoS/ED and Head of Finance	Reviewed through monthly reporting to Corporate Performance Board
5			