

BUDGET REPORT RISK IMPLICATIONS 2015/16 TO 2018/19

Risk ID	Risk						Gross Risk		Current Risk		Residual Risk		Risk Mitigation
							I	P	I	P	I	P	
	Risk Title	Opportunity/Threat	Risk Description	Risk Cause	Consequence	Date raised	I	P	I	P	I	P	
B1	Business Rates Income	Threat	Business rates income less than expected	Volatility in business premises closing or being developed; Business Rates appeals being higher than anticipated	Less council funding	1-Dec-14	4	3	4	3	4	2	Monitor monthly
B2	Welfare Reforms	Threat	Welfare Reforms may effect the authority more adversely than estimated	Changes in the administration and provision of welfare benefits will impact adversely on the authority	Increased arrears, possible redundancy payments for council, impact on homelessness	1-Dec-14	4	3	4	3	4	2	Provisions and Contingency within the budget, respond to consultation, reassess spending requirements in line with reduced service provision
B3	New Homes Bonus	Threat	The potential for the variation in the New Homes Bonus. This is based on estimated numbers of new dwellings constructed and occupied during a given 12 months period, clearly this will be subject to variation	Fluctuations in house building will affect amount of bonus paid	Reduced New Homes Bonus	1-Dec-14	4	3	4	3	4	2	New Homes Bonus mitigated to some extent by revenue contributions to capital and an assumption that New Homes Bonus will cease after 2017/18
233	Investment interest	Threat	Actual interest rates and investment returns being lower than projected	Economic climate	Reduced investment income	1-Dec-14	3	2	3	2	3	2	Interest rates are already low therefore only moderate impact. Monitor and ensure placing investments in high credit rated agencies. There is a higher level of risk associated with property investment funds which is mitigated through the use of earmarked reserves.
B5	Efficiencies	Threat	Any further slippage in the delivery of savings and efficiencies, especially around trading or additional pressures on the 2014-15 budget that could impact on 2015-16	Changes in circumstances make savings unattainable	Reduced efficiencies increased overspend on net budget	1-Dec-14	3	3	3	3	3	2	Monitor monthly, take corrective action if problem identified. Use contingencies within the budget to cover high and medium risks
B6	Formula grant	Threat	The Council's Formula Grant Settlement Figures are less than estimated	Government settlement figures less than estimated	Reduced income	1-Dec-14	3	3	3	3	3	2	Monitor. Figures based on CSR 2010. A prudent approach to the MTFP projections has been adopted by phasing out RSG so that it is at nil after 2017-18
B7	Increased Right to Buy sales	Threat	Variations in numbers of RTB's adversely affects HRA	Increase in discount to maximum of £75k.	A decrease in the numbers of RTB's will lead to less capital receipts to fund the Capital Programme. Conversely an increase the numbers of RTBs would lead to a revenue pressure from reduced rental income	1-Dec-14	4	3	4	2	4	2	Track situation and either re-prioritise spend or use additional borrowing headroom

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B8	Robustness of Estimates	Threat	The revenue and capital estimates vary from estimated and planned	Fluctuations in prices and reduced income	Potential overspend	1-Dec-14	4	3	3	2	3	2	Robust monthly budget monitoring to detect variations and put in mitigating action. Adequate reserves, balances and contingencies within the budget to cover where mitigation is insufficient.
B9	Capital Receipts	Threat	Asset disposals are not secured or fall short of target amount	Economic climate or inability to negotiate deals	Insufficient resources to fund capital programme	1-Dec-14	4	3	4	3	4	2	Robust monthly monitoring, consider prudential borrowing to fund shortfall or defer projects
B10	Additional trading income not achieved	Threat	Budget includes turnover from external trading activities of around £5.7 million per annum	Unable to compete for external contracts; contingencies in the budget are only on the marginal changes to the budget and not the underlying activity brought forward	MTFP adversely affected through loss of contributions to overheads resulting in potential business restructuring	1-Dec-14	4	3	4	3	4	2	Monitor situation; restructure the service and reduce workforce and equipment to match reduced activity, using corporate reserves to finance costs; use budgeted contingency to contribute towards the overheads cost
B11	Reduction in reserves	Threat	£7 million surplus balances were transferred for HRA to General Fund	Government makes retrospective changes to legislation	£7m balances have to be transferred back to HRA from the General Fund	1-Dec-14	4	3	4	3	4	2	Review other earmarked reserves; reduce the capital programme and therefore financing to free up the balances to be transferred
B12	Savings not achieved	Threat	Savings in budget may not be achieved	Service pressures	Potential overspend	1-Dec-14	3	3	3	3	3	2	Monitoring
B13	Slippage in Capital Programme	Threat	Schemes in Capital Programme do not start or finish on time	Contract delays or increased variations	Impact on delivery of Council priorities	1-Dec-14	3	3	3	3	3	2	Robust monthly monitoring of programme, introduction of Capital Gateway Process and flexible treasury management strategy