

KEY BUDGET RISKS & SENSITIVITY ANALYSIS 2017/18

| Description | Budget Risk | Risk Assessment | | | | Containment Actions | | | Progress |
|----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|-----------------|--------|--------------|---------------------------------------------|----------------------------------------------------------------------------------------|---------------------------------|-----------|----------|
| | | Probability | Impact | Value £000'S | Comment | What | Who | When | |
| Achieving income targets - leisure, car parks, etc | Net expenditure falls if economy severely dips or switch to competitors. 5% of budgets. | Med | High | 292 | Key Leisure, Business Unit, Car Park income | Base budgets adjusted. Monthly budget monitoring + marketing & promotional activities. | Service Managers | Monthly | |
| Car parking income declines (Northern Gateway Saltergate site budgeted £213k income loss in 2017/18) | Loss of income £106k. | High | High | 106 | Med-term issue | Will negotiate with monitoring and pricing. | Service Manager/CFO | Monthly | |
| Investment returns - not achieving budget. | Each 1/4% = £20k gross to Gen Fund. | Low | High | 20 | | Cautious estimate. Monitor Quarterly | Cap Acct | Monthly | |
| Energy costs inflation | 3% in budget each extra 5% = £50k fy | Low | Med | 50 | | Fixed rate contracts on renewal to provide stability - Gas Sept; Electric Apr & Oct | Facilities Mgr (Kier) | On-going | |
| Benefits - high spend £37m+ with complicated grant scheme. | Increase in expd with less than 100% subsidy. Failure to Comply with Regulations | Low | High | 200 | | Regular monitoring of claims processed. Staff Training | Benefits Manager (Arvato) | Quarterly | |
| Ind & Comm. Property portfolio - reduced rent income during economic downturn and due to disposals to generate capital receipts. | Industrial & commercial £100k. Vicar Lane £50k Pavements £50k | Med | High | 200 | | Monitor voids. Flexible Payments for existing. Planned Disposal Programme | Estates Officer (Kier) | Monthly | |
| Any other unforeseen significant expenditure | | High | High | 100 | | Maintain adequate working balance/ insurance fund + effective risk mgt. | SLT, CMT, budget holders, Accty | On-going | |

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| Exit strategy for expenditure funded by fixed term grants. | Use of reserves for VR | Low | High | - | | Avoid directly employing staff, if do ensure on short term contracts and redundancy provision included in budget. | Staff submitting grant applications. | On-going | |
| VAT - 5% exempt limit exceeded | Limit exceeded £250k un-recoverable plus excess amount. | Low | High | 419 | | Monitoring | Deputy Chief Acct - Vat | Monthly | PPP will increase the threshold. |
| Further cuts in Government Grants beyond those assumed in the forecast. | Settlement figures for RSG 4 yrs known. | Low | High | - | | Monitor developments | CFO | On-going | |
| Pension costs increases under LGPS revaluations. | 1% pa budgeted, deficit reductions rising | Med | High | - | Med-term issue | Define pensionable elements and monitor impact. | CFO | Mar-17 | |
| MMI – risk of insolvent run-off following recent ruling on EL claims. | 'Clawback' beyond the £384k provision (£1.4m claims settled). | Med | High | 250 | | Clawback rate currently 25%. Provision of £384k established and in line with Insurance Fund review completed in 2016. | CFO | On-going | |
| Tightening of the HRA ring-fence – grounds maintenance costs: Gross £310k -GF Contrib. £170k =HRA 140K | Costs transfer from the HRA to the Gen Fund | Low | High | 70 | | Review the current cost sharing arrangements. | Housing Manager | On-going | |
| Town Hall Restack budget | Risk of overspend 3% on £2.7m | Low | High | 81 | Med-term issue | Budget assumes funding withdrawn in 201/15. | Service Manager | 2017 | |
| Achieving VR saving targets | Failure to achieve risk reduced target, by a further £100k. | Low | High | - | | Monitor progress - target £100k in 2017 | CFO | monthly | |
| Achieving vacant post saving targets | 20% of £240k target | Low | Med | 48 | | Target rmonotoring required monthly on staff turnover | CFO/HR | quarterly | |
| Collection Fund - Council tax collection rate below target. | Loss of interest. Coll'n Fund deficit to following year CBC Share 10% | Med | Med | 25 | | Monitor the collection rate. | Revs Manager (Arvato) | Monthly | |

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| Localisation of council tax support | Increased take-up by pensioners or working age; and Collection rate on amounts required to pay. | Med | High | 10 | Med-term issue | Monitoring claims and income so remedial action taken asap. | CFO | monthly | |
| Localisation of business rates | Income exceeds forecasts - only 20% of | Med | Med | - | | | | | |
| | Income below baseline up to the Safety Net limit; exposure = £236k + £854k above baseline+ £300k pooling | Med | High | 1,390 | | Monitor income | CFO | quarterly | |
| Crematorium | New Co structure leads to VAT and Corporation tax via HMRC effecting forecast profit of £250k | Med | High | 100 | | Review new structure tax efficient | CFO/Crem Manager | quarterly | |
| Busines Rates Pool | Below budget | Med | Med | 50 | | Conservative growth estimate | CFO | Jan-18 | |
| | | | | | | | | | |

| Gen Fund Rev Budget | Total exposure | | | 3,411 | | | | |
|---------------------|----------------|------|------------|------------|--|----------------------|--|--|
| | Allowance % | Prob | Total £000 | Allow £000 | | Impact assessment: | | |
| Risk allowance | 90% | High | 206 | 185 | | High = £50k or more | | |
| | 50% | Med | 2,317 | 1,159 | | Med = £10k-£49k | | |
| | 10% | Low | 888 | 89 | | Low = less than £10k | | |
| Risk allowance | | | 3,411 | 1,433 | | | | |