

## Budget Risk Register – 2010-11

1. By-election
2. Inflation – pay and prices
3. Inflation – utilities
4. Treasury Management
5. Asset management
6. Income collection
7. Income from enforcement
8. Income from land charges
9. Changes to grand regime
10. Economic risk – capital receipts
11. Economic risk – demand for services
12. Litigation against the Council
13. Major Fraud
14. Increased Pension fund contributions
15. Levies, Precepts and Subscriptions
16. Poor budget management
17. Financial control environment
18. Insurance claims
19. Demographic changes: additional demand for social care
20. Population growth rates
21. System failure
22. Lack of disaster recovery capability
23. New policy/legislation
24. Safeguarding
25. Natural disaster /accident/terrorist incident
26. Adverse weather conditions
27. Government efficiency agenda
28. Achievement of savings
29. Transformation programme
30. LAA
31. Strategic partnerships
32. Commercial partnerships

<b>Likelihood</b>	<b>A Very High</b>				
	<b>B High</b>		10,11,23,24		
	<b>C Significant</b>		2,3,7,8,12,21	19,22,28	
	<b>D Low</b>	1	9,16,17,20,26,27	31,32	
	<b>E Very Low</b>	15	6,13,18,25,30	4	
	<b>F Almost Impossible</b>	29	5,14		
		<b>4 Negligible</b>	<b>3 Marginal</b>	<b>2 Critical</b>	<b>1 Catastrophic</b>
		<b>Impact</b>			

Risk Register 2010-11 to 2012-13

Ref	Risks	Risk rating	2010-11			Risk rating	2011-12			Risk rating	2012-13			Mitigation/ Comments
			Worst case £0	Likelihood %	Net risk £0		Worst case £0	Likelihood %	Net risk £0		Worst case £0	Likelihood %	Net risk £0	
	<b><u>POLITICAL RISKS</u></b>													
1	By-Election	D IV	10	17%	1.7	D IV	10	17%	1.7	D IV	10	17%	1.7	There is provision in the budget for the scheduled elections and one by-election a year. Worst case is based on two by-elections in one year.
	<b>ECONOMIC / FINANCIAL RISKS</b>													
2	Inflation - Pay and prices	C III	1000	38%	380	D III	1000	17%	170	D III	1000	17%	170	The 2010-11 budget is based on 0% pay and 1% prices plus a contingency of £0.5m. There is some risk as general inflation is increasing and the pay award has yet to be agreed. For years 2 and 3 the MTFs is based on 2% so risk is lower.

3	Inflation - utilities	C III	200	38%	76	D III	200	17%	34	D III	200	17%	34	The 2010-11 budget reflects current prices. The MTFS includes additional provision of £250k in 2011-12 and 2012-13.
4	Treasury Management - investments and borrowing	E II	2000	6%	120	E II	2000	6%	120	E II	2000	6%	120	The risk of losing a deposit is low as the lending list has been revised and funds have been moved out of building societies over the last year. The budget reflects the current base rate and anticipated borrowing costs.
5	Asset management.	F III	500	2%	10	F III	500	2%	10	F III	500	2%	10	The Council has consistently scored 3 for asset management under the Use of Resources assessment. Backlog maintenance is

														significant and the capital programme funds the highest priority work.
6	Income collection: council tax, business rates, housing benefit overpayments, parking enforcement, sundry debtors, rents and service charges	E III	250	6%	15	E III	250	6%	15	E III	250	6%	15	Collection performance has improved considerably in the last few years, and the bad debt provision is reviewed quarterly
7	Income from enforcement	C III	500	38%	190	C III	500	38%	190	C III	500	38%	190	The 2010-11 budget includes an additional £500k of enforcement income. There is some risk given the current climate.
8	Income from land charges	C III	250	38%	95	C III	250	38%	95	C III	250	38%	95	The 2010-11 budget includes an income target of £250k. There is some risk given the recent Information Commissioner decision.

9	Changes to grant regime	D III	500	17%	85	C III	500	38%	190	C III	500	38%	190	The MTFS reflects the settlement for 2010-11 and assumes a cash reduction of 3% from 2011-12. This is consistent with IFS and CIPFA forecasts. It is assumed that, where specific grants reduce, that costs will be reduced accordingly.
10	Economic risk - capital receipts	B III	500	65%	325	B III	500	65%	325	B III	500	65%	325	The MTFS assumes capital receipts of £5m in 2010-11. There is risk due to the economic climate, however the risk is based on alternative financing costs.
11	Economic risk - demand for services	B III	500	65%	325	B III	500	65%	325	B III	500	65%	325	There may be additional demands on services such as housing due to the recession. The MTFS does include a small contingency.

12	Litigation against the Council	C III	1,000	38%	380	C III	1,000	38%	380	C III	1,000	38%	380	The MTFS includes an annual contribution to a provision for litigation including employment and planning related matters. Some of this risk will be covered by insurance, but individual cases can have significant cost.
13	Major fraud	E III	100	6%	6	E III	100	6%	6	E III	100	6%	6	No major cases in recent years.
14	Increased Pension Fund contributions	F III	500	2%	0	D III	500	17%	6	D III	500	17%	6	The MTFS provides for an increase in employers contributions at 0.5% per year following the next triennial valuation. This reflects advice from the actuary.

15	Levies, Precepts and Subscriptions	EIV	50	6%	3	EIV	50	6%	3	EIV	50	6%	3	The Council pays a range of levies, precepts and subscriptions. These are set by other bodies and usually known before the budget is approved. The risk in relation to LPFA has been covered.
16	Financial Management - poor budget management	D III	1,000	17%	170	D III	1,000	17%	170	D III	1,000	17%	170	Risk mitigated by budget monitoring arrangements, refresher training, improvement boards.
17	Financial control environment	D III	1,000	17%	170	D III	1,000	17%	170	D III	1,000	17%	170	The control environment was strengthened in 2009-10.
18	Insurance claims	E III	500	6%	30	E III	500	6%	30	E III	500	6%	30	An actuarial review was carried out in 2009-10 and the balance in the provision now reflects the claims liability.

<b><u>SOCIAL RISKS</u></b>														
19	Demographic changes: additional demand for social care.	C II	1000	38%	380	C II	1000	38%	380	C II	1000	38%	380	The MTFS reflects anticipated demand for social care for both Children and Adults. However, small fluctuations can generate considerable cost. There is a substantial overspend in Children's services in 2009-10 which must be managed in line with the growth provided going into 2010-11.
20	Population growth rates	D III	0	0	0	D III	0	0	0	D III	0	0	0	The MTFS reflects the grant settlement which in turn reflects the population figures.



<b><u>TECHNOLOGICAL RISKS</u></b>														
21	System failure	C III	100	38%	38	C III	100	38%	38	C III	100	38%	38	IT environment relatively stable. Restoration costs are covered by insurance. However, the risk is heightened by the possible changes to the IT service in 2010-11.
22	Lack of disaster recovery capability	C II	1000	38%	380	C II	1000	38%	380	C II	1000	38%	380	The Council is developing a DR solution and provision is made to implement this in the MTFs. However, there is a risk whilst the new arrangements are put in place. Some recovery costs would be covered by insurance.

	<b><u>POLICY/LEGISLATIVE / REGULATORY</u></b>													
23	New policy/legislation	B III	500	65%	325	B III	1000	65%	650	B III	0	65%	0	Generally changes have a long lead in time, but there are specific risks in this budget due to the free personal care announcement, with new arrangements due to commence in October 2010, and Independent Safeguarding Authority requirements.
	<b><u>SERVICE RISKS</u></b>													
24	Safeguarding - recent high profile cases have resulted in a significant increase in referrals	B III	250	65%	162.5	B III	250	65%	162.5	B III	250	65%	162.5	Detailed plans put in place in Children's services including case reviews.

<b><u>EMERGENCIES</u></b>														
25	Natural disaster, accident or terrorist incident	EIII	824	6%	43	EIII	824	6%	43	EIII	824	6%	43	The government has a scheme (the Bellwin scheme) that covers authorities for 85% of costs of a major disaster above 0.2% of annual budget (£616k). The risk to the Council is 100% of costs below the threshold and the 15% above it, so if the total cost of the incident was £2m the council would be liable for £824k.
26	Adverse weather conditions	D III	100	17%	17	D III	100	17%	17	D III	100	17%	17	There is some provision in the budget for seasonal work. This risk relates to exceptionally bad weather.

<b><u>EFFICIENCY RISKS</u></b>														
27	Government efficiency agenda	DIII	0	0	0	DIII	0	0	0	DIII	0	0	0	Council has consistently achieved the government target and has plans in place to monitor the new performance indicator NI179
28	Non-achievement of allocated savings included in the budget	C II	1,000	38%	380	C II	1,000	38%	380	C II	1,000	38%	380	The MTFS includes efficiency savings totalling £6.5m in 2009-10. Progress will be carefully monitored.
29	Transformation programme fails to deliver substantial contribution to the funding gap in years 2 and 3 of the MTFS	F IV	0	2%	0	C II	15,000	38%	5700	C II	15,000	38%	5700	The transformation programme is well advanced and the likely outcome will be clearer when the 2011-12 budget is developed.

<b><u>PARTNERSHIP / CONTRACTUAL RISKS</u></b>														
30	Partnership failure – LAA	EIII	0	6%	0	EIII	0	6%	0	EIII	0	6%	0	The LAA has been agreed and is being monitored. Prudent assumptions about reward grant have been included in the MTFS.
31	Breakdown of relationships with strategic partners (PCT, Police, businesses, voluntary sector)	D II	0	17%	0	D II	0	17%	0	D II	0	17%	0	The HSP governance arrangements have been revised. Good working relationships exist between partners. All disputed debt now settled with PCT.
32	Commercial Partnership failure (Capita, Kier, Enterprise Mouchel)	D II	0	17%	0	D II	0	17%	0	D II	0	17%	0	
	<b>TOTAL</b>		<b>15,134</b>		<b>4,107</b>		<b>30,634</b>		<b>9,991</b>		<b>29,634</b>		<b>9,341</b>	