

Risk Register 2012-13 to 2014-15

Ref	Risks	Risk rating	2012-13			Risk rating	2013-14			Risk rating	2014-15			Mitigation/Comments
			Worst case £000	Like - lihood %	Net risk £000		Worst case £000	Like - lihood %	Net risk £000		Worst case £000	Like - lihood %	Net risk £000	
	<b>POLITICAL RISKS</b>													
1	By-Election	D 4	60	17%	10	D 4	60	17%	10	D 4	60	17%	10	There is provision in the budget for the scheduled elections but not by-elections. Worst case is based on two by-elections in one year.
	<b>ECONOMIC / FINANCIAL RISKS</b>													
2	Inflation - Pay and prices	C 3	1500	38%	570	D 3	1000	17%	170	D 3	1000	17%	170	The 2012-13 budget is based on 0% pay and 2% prices. There is some risk as general inflation is running above 2%, although decreasing, and the pay award has yet to be agreed. For years 2 and 3 the MTFS is based on 2% for pay and prices plus an inflation contingency.
3	Inflation - utilities	C 3	200	38%	76	D 3	200	17%	34	D 3	200	17%	34	The 2011-12 budget reflects forecast prices, and energy costs are decreasing. The market is however still volatile.
4	Treasury Management - investments and borrowing	F 2	10000	1%	100	F 2	10000	1%	100	F 2	10000	1%	100	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 two years. The budget reflects the current base rate and anticipated borrowing costs.

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5	Asset management.	F 3	500	2%	10	F 3	500	2%	10	F 3	500	2%	10	Backlog maintenance is significant and the capital programme funds the highest priority work. The creation of Academies has reduced the risk as these are no longer a Council responsibility.
6	Income collection: council tax, business rates, housing benefit overpayments, parking enforcement, sundry debtors, rents and service charges	E 3	250	6%	15	E 3	250	6%	15	E 3	250	6%	15	Collection performance has improved considerably in the last few years, and the bad debt provision is reviewed quarterly.
7	Income from parking services and parking enforcement	C 3	400	38%	152	C 3	400	38%	152	C 3	400	38%	152	There are pressures in this area in 2011-12. The 2012-13 budget does provide for some reduction in the income target and additional measures are being taken to improve income. There is some ongoing risk given the current climate.
8	Changes to grant regime	D 3	300	17%	51	C 3	1,000	38%	380	C 3	1,000	38%	380	The budget for 2012-13 reflects the local government settlement although a few grants have yet to be confirmed. There is more uncertainty in later years, particularly with a change in the funding regime due from 2013-14.

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9	Economic risk - capital receipts	B 3	500	65%	325	B 3	500	65%	325	B 3	500	65%	325	The MTFS assumes capital receipts of £10m in 2012-13, ££7.25m in 13-14 and £2.5m in 14-15. There is risk due to the economic climate, however the risk is based on alternative financing costs.
10	Economic risk - demand for services	B 3	500	65%	325	B 3	500	65%	325	B 3	500	65%	325	There may be additional demands on services such as housing due to the recession and housing benefit changes. There is however growth built in to the 2012-13 budget to cover the anticipated position.
11	Litigation against the Council	C 3	1,000	38%	380	C 3	1,000	38%	380	C 3	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. There is a heightened risk of a procurement challenge due to the EU remedies directive.
12	Major fraud	E 3	200	6%	12	E 3	200	6%	12	E 3	200	6%	12	No major cases in recent years.

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13	Increased Pension Fund contributions	F 4	500	0%	0	D 3	500	17%	85	D 3	500	17%	85	The MTFS provides for an increase in employers contributions at 0.25% per year. While the economic climate gives a long term risk arising from fund performance, this is offset by the government's proposals to change the local government pension scheme.
14	Levies, Precepts and Subscriptions	E4	50	6%	3	E4	50	6%	3	E4	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.
15	Financial control environment	D 3	1,000	17%	170	D 3	1,000	17%	170	D 3	1,000	17%	170	Risk mitigated by budget monitoring arrangements, refresher training, improvement boards. The budget for 2011-12 included some additional resource to strengthen financial management.
16	Insurance claims	C 3	1,000	38%	380	E 3	500	6%	30	E 3	500	6%	30	An actuarial review has been carried out at regular intervals, the annual contribution is being steadily increased and the balance in the provision reflects the claims liability. There is a potential for MMI to go into administration and for the Council to have to make a contribution of about £1.4m, which is partially covered by existing provisions.

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	<b><u>SOCIAL RISKS</u></b>													
17	Demographic changes: additional demand for social care.	C 2	1000	38%	380	C 2	1000	38%	380	C 2	1000	38%	380	The MTFS reflects anticipated demand for social care for both Children and Adults. However, small fluctuations can generate considerable cost.
	<b><u>TECHNOLOGICAL RISKS</u></b>													
18	System failure	C 3	250	38%	95	C 3	100	38%	38	C 3	100	38%	38	IT environment relatively stable. Restoration costs are covered by insurance.
19	Lack of disaster recovery capability	C 2	1000	38%	380	C 2	1000	38%	380	C 2	1000	38%	380	The IT contract with Capita includes a comprehensive 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>													

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20	New policy/legislation	B 2	1000	65%	650	B 2	5000	65%	3250	B 2	6000	65%	3900	Generally changes have a long lead in time, but there are risks due to the extensive policy agenda of the new government and the speed of implementation of changes in some areas. A particular area of concern is welfare reform.
	<b><u>SERVICE RISKS</u></b>													
21	Safeguarding - recent high profile cases have resulted in a significant increase in referrals	B 3	500	65%	325	B 3	500	65%	325	B 3	500	65%	325	Detailed plans put in place in Children's services including case reviews.
	<b><u>EMERGENCIES</u></b>													
22	Natural disaster, accident or terrorist incident	E3	843	6%	51	E3	843	6%	51	E3	843	6%	51	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 (£639k). 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 £843k.
23	Adverse weather conditions	D 3	200	17%	34	D 3	200	17%	34	D 3	200	17%	34	There is some provision in the budget for seasonal work. This risk relates to exceptionally bad weather.
	<b><u>EFFICIENCY RISKS</u></b>													

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24	Non-achievement of allocated savings included in the budget	C 2	2,500	38%	950	C 2	1,000	38%	380	C 2	1,000	38%	380	The MTFS includes efficiency savings totalling £11m in 2012-13. Progress will be carefully monitored. A detailed plan is being developed for procurement savings.
25	Transformation programme fails to deliver substantial contribution to the funding gap in years 2 and 3 of the MTFS	F 4	0	2%	0	C 2	3,000	38%	1140	C 2	2,000	38%	760	The transformation programme is well advanced, however there are implementation risks and funding gaps are substantial from year 2 onwards.
	<b><u>PARTNERSHIP / CONTRACTUAL RISKS</u></b>													
26	Breakdown of relationships with strategic partners (PCT, Police, businesses, voluntary sector)	C 2	3,000	38%	1,140	C 2	4,000	38%	1520	C 2	4,000	38%	1520	The HSP governance arrangements have been revised. Good working relationships exist between partners. There are ongoing concerns about the PCT's financial position, but agreement was reached about liabilities for 2010-11. New potential liabilities have arisen during 2011-12 and identified as part of PCT action plans
27	Commercial Partnership failure (Capita, Kier, Enterprise Mouchel)	D 2	500	17%	170	D 2	500	17%	85	D 2	500	17%	85	
	<b>TOTAL</b>		<b>28,753</b>		<b>6,754</b>		<b>34,803</b>		<b>9784</b>		<b>34,803</b>		<b>10054</b>	

Contingency		-1,000		-1780		-2780
Remaining risk		5,754		8004		7274