

## BUDGET REPORT RISK IMPLICATIONS 2012/13 TO 2015/16

Risk						Gross Risk		Current Risk		Residual Risk		Risk Mitigation
Risk Title	Opportunity/Threat	Risk Description	Risk Cause	Consequence	Date raised	I	P	I	P	I	P	
Business Rates Reforms	Threat	Localisation of Business Rate proposals which are currently being consulted on may not be as financially beneficial as expected	Changes in the way formula grant is distributed	Less council funding	23-Nov-11	4	3	4	3	4	2	Respond to consultation positively and monitor
Welfare Reforms	Threat	Welfare Reforms which will come in from 2013/14 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	23-Nov-11	4	3	4	3	4	2	Provisions and Contingency within the budget, respond to consultation
Localisation of Council Tax	Threat	Localising support for Council Tax currently being consulted on may cost the Council more than estimated and have an increased impact on arrears	Changes in the provision of Council Tax Benefit	Reduced subsidy, potentially increased Council Tax arrears	23-Nov-11	4	3	4	3	4	2	Adequate estimate for subsidy, provisions for costs and bad debts included within budget proposals
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	23-Nov-11	4	3	4	3	4	2	Conservative estimates used. NHB to fund Capital Programme enables flexibility if sums less than expected
Investment interest	Threat	Interest rates falling lower than projected	Economic climate	Reduced investment income	23-Nov-11	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
Efficiencies	Threat	Any further slippage in the delivery of savings, especially around trading or additional pressures on the 2011-12 budget that could impact on 2012-13	Changes in circumstances make savings unattainable	Reduced efficiencies increased overspend on net budget	23-Nov-11	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
Formula grant	Threat	The Council's Formula Grant Settlement Figures are less than estimated	Government settlement figures less than estimated	Reduced income	23-Nov-11	3	3	3	3	3	2	Monitor. Figures based on CSR 2010
Self Financing	Threat	HRA Self Financing debt settlement reduces the debt cap and curtails aspiration of the Councils Housing Strategy	DCLG debt settlement in January 2012	Less headroom for new borrowing, increased interest charges	23-Nov-11	3	3	3	3	3	2	Monitor and update business plan accordingly

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Interest Rates on Borrowing	Accept	Interest rates increase adversely affecting HRA debt charges	Market fluctuations in interest rates	Less money available to support Housing Strategy and fund the Business Case	23-Nov-11	4	3	4	3	4	2	Set borrowing strategy to include both variable and fixed loans. Use of external consultants, Sector to advise depending on market conditions
Discounts on Council Houses	Threat	Increased discounts on RTB's increase house sales, reducing rental income in Business Plan	Consultation on increasing council house RIB discounts	Less money available to service debt and expenditure in HRA	23-Nov-11	4	3	4	3	4	2	Respond to consultation paper. Track situation and respond accordingly through prioritisation of spend
Robustness of Estimates	Threat	The revenue and capital estimates vary from estimated and planned	Fluctuations in prices and reduced income	Potential overspend	23-Nov-11	4	3	3	2	3	2	Robust monthly budget monitoring to detect variations and put in mitigating action. Adequate reserves, balances and contingencies within budget to cover where mitigation is insufficient. Including Fundamental Service Reviews undertaken in Customer Services and Direct Services
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	23-Nov-11	4	3	4	3	4	2	Robust monthly monitoring, consider prudential borrowing to fund shortfall or defer projects
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	23-Nov-11	3	3	3	3	3	2	Robust monthly monitoring of programme and flexible treasury management strategy