Quantification of Risk - General Fund

		Quantin	cation of Risk - General Fi	1110		
RISK	£000's	£000's	CURRENT INITIATIVES	POTENTIAL DEVELOPMENT	Drobobility of	Risk Level times probability
	Estimated risk level with current management	Estimated risk left unchecked			Probability of increased cost and no alternative saving	
All Departments						
Full savings estimates not achieved and alternatives not found in year/ costs of implementing savings higher than anticipated	500	5,000	Plans required for specific savings. Risky savings specifically monitored. Managers required to adhere to cash limit scheme and financial regulations. Named manager accountable for each saving.		0.1	50
Underlying demand led spend	300	0,000	Saving.		0.1	- 00
above estimates and income from fees and charges below estimates (excluding demand for specific items set out below)	1,000	3,000	Managers required to manage within budget, in accordance with cash limit scheme. Budget monitoring reports		0.1	100
New spend pressures that			Require managers to bring forward			
cannot be managed within existing budgets	200	1,000	proposals to deal with spend pressures using existing budgets		0.2	40
HOUSING AND COMMUNITY I		1,000	doing oxiding budgets		0.2	
Purchased care - elderly, independent residential & homecare - numbers increase. Demography, homecare/residential switch, market factors	400	2,000	Strategy for Future Living needs of the Elderly. Improving market knowledge. Growth items recognising cost. Monthly monitoring. Invoices via Carefirst. Homecare - Access system. Underspend in current year		0.1	40
market factors	400	2,000	Underspend in current year		0.1	40
Adults physical and learning disability - all placements - nursing, residential, homecare, respite, numbers, longevity, unit costs, market forces Service changes eg. Residential care to supported	700	2,000	Monthly monitoring. Placement panel. Trend analysis. Joint equipment store. Working with families to encourage independence	Increased working on independent living and reablement	0.1	70
living, move to direct payments, transitional period	500	1,000	Restructure within budgets, project manage change process.	change management	0.1	50
Joint arrangement/partnering disputes/issues CHILDREN AND LEARNING	200	1,000	Monitor agreements and issues arising closely. PCT have undertaken not to 'cost shunt' to Council	Ensure monitoring systems are up to standard of agreement in place	0.05	10
Children's Services						
Looked after Children - numbers of children taken into care & cost of care packages Schools and Academies not	1,000	2,000	Monthly monitoring of each budget area - no's & spend. Children's Commissioning Strategy with placement panel, block contracting, simplified foster payment system, in-Borough recruitment, prevention team, carer respite Discussions with academies re		0.1	100
wanting LBC services	100	500	provision		0.2	20
Pupil numbers cause demands for transport beyond budget	300	600	Active monitoring Working with schools to eliminate deficits. Provision in schools grant	Schools budget	0.1	30
Schools deficits	200	200	budget in agreement with schools forum	issue, with reserve as backstop	n/a	
ENVIRONMENT & REGENERA		200	10.4.11	αο ρασκοιορ	11/4	
Planning :						
Major planning enquiry	100	400	Specific planning reserve		n/a,	
Eng & Transport :			final price and the second			
Concessionary fares demand	200	F00	fixed price agreements within		0.05	40
exceeds budget Parking income falling in recession Parking enforcement not being	200	500	Estimates revised in line with performance. Budget monitoring. Within constaints, limited flexibility to	Ensure signs/lines are up to date. If not, enforcement is difficult & income	0.05	10
adequate	200	1,000	invest in service	will fall	0.1	20
Street Services:	200	.,000	Client agents monitoring. Education of		5.1	20
Waste disposal costs	500	1,000	public re recycling/waste issues		0.1	50

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POTENTIAL time		ı	Quantin	cation of RISK - General F	1		
Estimated risk level Estimated with current management unchacked Cache waste management to Superior Cache risk level	RISK	£000's	£000's	CURRENT INITIATIVES		Dankahilita af	Risk Level times probability
scheme finasthrading requirement (500 3,000 animinisation strategy reads to be produced (0,1 be prod		risk level with current	risk left			increased cost and no alternative	
Weather COMMERCIAL & TRANSFORMATION SERVICES Revenues Service Housing Benefit claims - numbers moving out of Lordon Lordon Son demand for crisis loans etc. Demand-led - depends on Lordon Lordon for crisis loans etc. Demand-led - depends on Lordon Lordon for crisis loans etc. Demand-led - depends on Lordon Lordon for crisis loans etc. Demand-led - depends on Lordon Lordon for crisis loans etc. Demand-led - depends on Lordon Lordon for crisis loans etc. Demand-led - depends on Lordon Lordon for crisis loans etc. Demand-led - depends on Lordon Lordon for crisis loans etc. Demand-led - depends on Lordon Lordon for crisis loans etc. Demand-led - depends on Lordon Lordon for crisis loans etc. Demand-led - depends on Lordon Lordon for crisis loans etc. Demand-led - depends on Lordon for L	scheme fines/trading	500	3,000	encourage recycling. Waste	strategy needs to	0.1	50
ComMercial a Transformation Services Commercial Com	Weather	300		maintenance requirements/insurance		0.1	30
Housing Benefit claims - more demonstration of the consultation of the consultation of the consultation process in several properties: Welfare Reform creating more demand for crisis ions etc	COMMERCIAL & TRANSFORM	MATION SERV	ICES				
numbers moving out of London							
demand for crisis loans etc	numbers moving out of	500	5,000	•		0.1	50
Upplanned voids/fenant defaults	demand for crisis loans etc	500	1,000	Manage to budget as far as possible		0.2	100
Rent reviews delay							
Communications Staff absence can result in work needing to be sent outside CORPORATE ISSUES Prudent estimates for items subject to consultation considers all angles and hat the life is properly prepared and fully thought out. Continue to seek efficiency savings through the year outside outsid							25
Some savings proposals may not be acceptable or implementable at the end of the consultation. Project leads to ensure consultation considers all angles and that the III is properly prepared and fully thought out. Continue to seek. Some savings proposals may not be acceptable or implementable at the end of the consultation process. Income reductions/service pressures/supplier defaults arising from the recession. Investments: Interest rates & borrowing rates. Investment performance/ risk of bank default. Pay awards above budget provision. Pay awards above budget provision. Insurances - external premium. 200 Keep tabs on market Require managers to manage within provision. Require managers to manage within provision. Responsement advice & initiatives. Claims agains the Council. Sool 1,000 Aproport agreed. Calculated annually. Look carefully at new proposals with exempt activity. Annual provision and provision and provision provision. Pension Costs. 400 4,000 Aproport agreed. Continue to review lending list and any alerts from credit rating agencies on a default. Require managers to manage within provision. Require managers have to m		25		Kesources		0.05	1
work needing to be sent outside 50 Active management 0.1 CORPORATE ISSUES Prudent estimates for items subject to consultation. Project leads to ensure consultation process all angles and that the IIA is properly prepared and fully thought out. Continue to seek efficiency savings through the year income reductions/service pressures/supplier defaults arising from the recession 400 1,000 Active budget monitoring 0.2 investments: Interest rates & borrowing rates. Investment performance/ risk of bank default 400 2,000 daily basis 0.1 Require managers to manage within provision 1,000 Pay awards above budget provision 1,000 Pay							
Prudent estimates for items subject to consultation. Project leads to ensure consultation or considers all angles and that the III kis properly prepared and fully thought out. Continue to seek the consultation process or pressures/supplier defaults arising from the recession and the ensures of the consultation process or pressures/supplier defaults arising from the recession and the ensures of the consultation process or pressures/supplier defaults arising from the recession and the ensures of the consultation process or provided the provision investments: Interest rates & continue to review lending list and any alerts from credit rating agencies on a default of the provision of the provision and the provision of	work needing to be sent	50		Active management		0.1	5
Some savings proposals may not be acceptable or implementable at the end of the consultation consultation considers all angles and that the IIA is properly prepared and fully thought out. Continue to seek the consultation process 1,000 5,000 efficiency savings through the year 0,2 income reductions/service pressures/supplier defaults arising from the recession 400 1,000 Active budget monitoring 0,2 investments. Interest rates & borrowing rates. Investment performance/ risk of bank default 400 2,000 daily basis 0,1 and any alerts from credit rating agencies on a default 400 2,000 daily basis 0,1 and any alerts from credit rating agencies on a delay basis 0,1 and any alerts from credit rating agencies on a delay basis 0,1 and any alerts from credit rating agencies on a delay basis 0,1 and any alerts from credit rating agencies on a delay basis 0,1 and ally b				7 out o managoment		0.1	
Income reductions/service pressures/supplier defaults arising from the recession Investments: Interest rates & Dorrowing rates. Investment performance/ risk of bank default 400 2,000 adaily basis 0.1 Pay awards above budget provision 1,000 existing provision 1,000 existi	not be acceptable or implementable at the end of	1.000	5.000	consultation. Project leads to ensure consultation considers all angles and that the IIA is properly prepared and fully thought out. Continue to seek		0.2	200
Investments: Interest rates & borrowing rates. Investment performance/ risk of bank default	Income reductions/service pressures/supplier defaults		·				
default 400 2,000 daily basis 0.1 Pay awards above budget provision 1,000	Investments: Interest rates & borrowing rates. Investment	400	1,000	Continue to review lending list and any		0.2	80
Drovision 1,000 1,000 existing provision 1,000 existing provision 1,000 1,000 existing provision 1,000 1,000 Exercision 1,000 Ex	1.	400	2,000	daily basis		0.1	40
Risk management advice & initiatives. Claims rise S00 Risk management advice & initiatives. Claims history in charges Claims agains the Council S00 1,000 Approach agreed O.1	,	1,000	1,000			n/a	-
Insurances - claims rise 500 Claims history in charges 0.02	Insurances - external premium	200				0.05	10
Claims agains the Council 500 1,000 Approach agreed 0.1 Calculated annually Look carefully at new proposals with exempt activity 0.05 Inflation levels on services, eg care 1,200 Monitor levels - take a prudent view - fixed price contracts Minimise early retirements, review costs with actuary 0.05 Local Voluntary organisations requiring emergency help 500 1,500 Ensure prioritisation against other budget requirements with 3rd parties. Income - debt collection issues 1,000 2,000 Monthly debt analysis 0.05 Partnerships/Joint arrangements result in increased costs 200 400 management by LBC officers representing the Council in partnerships unbudgeted costs 1,000 1,000 actively monitor and minimise costs Monitor periodically and address probems 0.05 Repayment of grants 400 5,000 Log potential proposals with 2nd partnerships 0.05 Approach agreed 0.1 Managers have to manage within budget 0.05 Managers have to manage within budget 0.	Incurançae - claime rica	500		_		0.02	10
Calculated annually Look carefully at new proposals with exempt activity O.05 Inflation levels on services, eg care 1,200 Future Pension Costs Future Vears £1m Costs with actuary O.05 Ensure prioritisation against other budget requirements Active monitoring by accountancy. Written agreements with 3rd parties. Income - debt collection issues 1,000 Partnerships/Joint arrangements result in increased costs Emergencies cause unbudgeted costs 1,000 1,000 Log potential Calculated annually Look carefully at new proposals with exempt activity Managers have to manage within budget 0.05 Managers have to manage within budget 0.05 Active risirements, review costs with actuary 0.05 Ensure prioritisation against other budget requirements 0.1 Active monitoring by accountancy. Written agreements with 3rd parties. Income - debt collection issues 1,000 2,000 Monthly debt analysis 0.05 Active risk management by LBC officers representing the Council in partnerships 0.01 Emergencies cause unbudgeted costs 1,000 1,000 1,000 Log potential Double Tensing Address probems 0.05			1,000	, ,			50
VAT Partial exemption 900 exempt activity 0.05 Inflation levels on services, eg care 1,200 fixed price contracts				Calculated annually			
Inflation levels on services, eg care 1,200	VAT Partial exemption	900		· · ·		0.05	45
Pension Costs Future Minimise early retirements, review 0.05	Inflation levels on services, eg			Monitor levels - take a prudent view -	manage within		60
Local Voluntary organisations requiring emergency help 500 1,500 Active monitoring by accountancy. Written agreements with 3rd parties. Income - debt collection issues 1,000 2,000 Monthly debt analysis Active risk management by LBC officers representing the Council in partnerships Use Bellwin scheme where eligible, actively monitor and minimise costs Repayment of grants Ensure prioritisation against other 0.1 Active monitoring by accountancy. Written agreements with 3rd parties. 0.05 Active risk management by LBC officers representing the Council in partnerships 0.01 Use Bellwin scheme where eligible, actively monitor and minimise costs 0.02 Monitor periodically and address probems 0.05	ouio	1,200	Future		Suugoi	0.03	00
requiring emergency help 500 1,500 budget requirements 0.1 Active monitoring by accountancy. Written agreements with 3rd parties. Income - debt collection issues 1,000 2,000 Monthly debt analysis Active risk management by LBC officers representing the Council in partnerships 0.01 Emergencies cause unbudgeted costs 1,000 1,000 1,000 1,000 Log potential 0.1 Active monitoring by accountancy. Written agreements 0.05 Active risk management by LBC officers representing the Council in partnerships 0.01 Monitor periodically and address probems 0.05	Pension Costs	400	years £1m	costs with actuary		0.05	20
Written agreements with 3rd parties.		500	1,500	budget requirements		0.1	50
arrangements result in increased costs 200 400 partnerships 0.01 Emergencies cause Use Bellwin scheme where eligible, unbudgeted costs 1,000 1,000 actively monitor and minimise costs 0.02 Repayment of grants 400 5,000 Log potential partnerships 0.01 Officers representing the Council in partnerships 0.01 Use Bellwin scheme where eligible, actively monitor and minimise costs 0.02		1,000	2,000	Written agreements with 3rd parties. Monthly debt analysis		0.05	50
unbudgeted costs 1,000 1,000 actively monitor and minimise costs 0.02 Monitor periodically and address probems 0.05 Repayment of grants 400 5,000 Log potential probems 0.05	arrangements result in increased costs	200	400	officers representing the Council in partnerships		0.01	2
Repayment of grants 400 5,000 Log potential Monitor periodically and address probems 0.05	=	1 000	1.000	_		0.00	20
			,		and address		20
Potential Reduction in Cost	nepayment or grants	400	5,000	Log potential	properiis	0.05	20
	Potential Reduction in Cost						

1,600

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RISK	£000's	£000's	CURRENT INITIATIVES	POTENTIAL DEVELOPMENT		Risk Level times probability
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Additional Health Service Funding for Social Care used in part for pressures identified in budget	-400		The funding for social care held by the NHS commissioning body will need to be used in agreement with them to focus on key issues for health such as bed-blocking	Development of a written agreement on use of funds	0.30	-120
Specific Contingency Fostering Costs	400		The current fostering market is generating a risk of considerable additional cost	Plan required for tabling at Executive	0.75	300

Total potential general fund 17,825 50,100 **Total** 1,688 As demonstrated in past years, if budget monitoring predictions show a significant overall overspend from a combination of these

items a spend moratorium will be introduced to limit the overall level of overspend. Furthermore, for a number of years now the Council has had an underspend significantly greater than the in-year spend pressures.

The likelihood of all these risks occuring in 1 year is limited, though this is taken into account to a degree in the probabilities used The contingency provision required has to be seen in this context. Based on this, the minimum level of contingency suggested is:

This excludes the separate contingency for energy cost increases.

The total provision for Contingency and Reorganisation Costs is then built up as follows:

2012/13 current est 2013/14 est £000s £000s **General Contingency** 1,600,000 1,300,000 Specific Contingency - Fostering 300,000 60,000 Energy Cost increase provision 67,170 2,284,000 3,500,000 Provision for Reorganisation Costs - Redundancy, Pension strain, etc 3,944,000 5,167,170

In 2012/13, given the level of underspend predicted at the time of writing, the General Contingency is currently held for reorganisation costs

The risks in relation to Council Tax benefit caseload and Business Rates are not general fund risks, but will require review throughout the year and assessment in detail when the Collection Fund is reviewed again for the November estimates.

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