

## Quantification of Risk

RISK	£000's	£000's	CURRENT INITIATIVES	POTENTIAL DEVELOPMENT	Probability of increased cost and no alternative saving	Risk Level times probability
	Estimated risk level with current management	Estimated risk left unchecked				
<b>All Departments</b>						
Full savings estimates not achieved and alternatives not found in year	500	2,000	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 above estimates and income from fees and charges below estimates (excluding demand for specific items set out below)	500	3,000	Managers required to manage within budget, in accordance with cash limit scheme. Budget monitoring reports		0.1	50
<b>Housing and Community Living</b>						
Homelessness - number of people/achievement of additional income via charge	500	2,000	Financial model, Prevention Officer, project team, budget challenge group review		0.05	25
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		0.1	40
Adults physical and learning disability - all placements - nursing, residential, homecare, respite, numbers, longevity, unit costs, market forces, end of joint arrangement	700	2,000	Monthly monitoring. Placement panel. Trend analysis. Joint equipment store. Working with families to encourage independence	Increased working on independent living	0.2	140
Service changes eg. Residential care to supported living, move to direct payments, transitional period	1,000	1,000	Restructure within budgets, project manage change process.	Further focus on change management	0.02	20
Joint arrangement/partnering disputes/issues	600	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	30
<b>Children and Learning</b>						
<b>Children's Services</b>						
Looked after Children - numbers of children & cost of care package	500	1,500	Monthly monitoring of each budget area - no's & spend. Placement panel. Block contracting, simplified foster payment system, in-Borough recruitment, development of prevention team,	Review of approach by new Director	0.1	50
Academies not wanting LBC services	50	550	Discussions with academies re provision		0.2	10
Schools deficits	800	800	Working with schools to eliminate deficits. Provision in schools grant budget in agreement with schools forum	Schools budget issue, with reserve as backstop	n/a	
NNI Childcare Partnership	?	?	Budget monitoring	Improve CCM monitoring Higher Accty involvement on high risk budget	n/q	
<b>ENVIRONMENT &amp; REGEN</b>						
<b>Regeneration:</b>						

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<b>Planning :</b>						
Major planning enquiry	100	400	Specific planning reserve		n/a.	
<b>Eng &amp; Transport :</b>						
Concessionary fares demand exceeds budget	200	500	Developing fixed price agreements within tolerance limits		0.05	10
Parking income falling Parking enforcement not being adequate	500	2,200	Estimates revised in line with performance. Budget monitoring. Within constraints, limited flexibility to invest in service	Ensure signs/lines are up to date. If not, enforcement is difficult & income will fall	0.05	25
<b>Street Services:</b>						
Waste disposal contract	500	1,000	Client agents monitoring. Education of public re recycling/waste issues		0.05	25
Landfill allowance trading scheme fines	200	5,000	Active waste management to encourage recycling. 4th green waste round in growth. Waste		0.05	10
Weather	100		Reactive - adverse weather increases maintenance requirements/insurance claims etc		0.1	10
<b>CORPORATE &amp; CUSTOMER SERVICES</b>						
<b>Revenues Service</b>						
Council Tax Benefit net costs	1,000	1,200	Demand-led - depends on take up, level of council tax, etc		0.02	20
Housing benefit subsidy limited following audit	500	2,000	Committed to meeting audit requirements for 2008/9		0.02	10
Housing Benefit grant below estimate	1,000	2,000	part demand-led, part dependent on the successful administration to minimise overpayments		0.05	50
<b>Investment properties:</b>						
Unexpected voids	250		Market for new tenants	More pro-active	0.1	25
Rent reviews delay	25		Resources		0.05	1
<b>CHIEF EXECUTIVES</b>						
<b>Communications</b>						
Staff absence can result in work needing to be sent outside	50		Active management		0.1	5
<b>CORPORATE ISSUES</b>						
Investments: Interest rates & borrowing rates. Investment performance	500	5,000	Cross section of views - use central scenario to minimise costs and maximise returns. Keep restructuring loans under constant review		0.2	100
Insurances - external premium	200		Keep tabs on market		0.02	4
Insurances - claims rise	500		Risk management advice & initiatives. Claims history in charges		0.02	10
VAT Partial exemption	900		Calculated annually Look carefully at new proposals with exempt activity		0.05	45
Inflation levels	700		Monitor levels - take a prudent view - fixed price contracts	Managers have to manage within budget	0.1	70
Pension Costs	400	Future years £5m?	One-off payments to reduce future liability	More one off payments. No early retirements	0.05	20
Local Voluntary organisations requiring emergency help	500	1,500	Ensure prioritisation against other budget requirements		0.1	50
Income - debt collection issues	1,000	2,000	Active monitoring by accountancy. Written agreements with 3rd parties. Monthly debt analysis		0.02	20
Staff Turnover - where there are vacancies in cost centre manager posts responsible for volatile budgets, or accountants responsible for grant claims and budget monitoring	2,000	5,000	Implemented recruitment and retention measures		0.04	80

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Repayment of grants	400	5,000	Log potential	Monitor periodically and address problems	0.1	40

Total potential general fund	17,075	48,650		<b>Total</b>		1,045
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As demonstrated in past years, if budget monitoring predictions show a significant overspend from a combination of these items, a spend moratorium will be introduced to limit the level of overspend. Therefore, it is legitimate to reduce the contingency needed on the basis that it is agreed that such a course of action will be followed, if necessary

**Based on this, a contingency of £1million is suggested**