

Quantification of Risk - General Fund

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				
All Departments						
Full savings estimates not achieved and alternatives not found in year/ costs of implementing savings higher than anticipated	500	2,000	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.		0.05	25
Underlying demand led spend 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		0.05	50
New spend pressures that cannot be managed within existing budgets	200	1,000	Require managers to bring forward proposals to deal with spend pressures using existing budgets		0.2	40
HOUSING AND COMMUNITY LIVING						
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. Reablement. Improving market knowledge. Underspend in current year		0.05	20
Adults physical and learning disability - all placements - nursing, residential, homecare, respite, numbers, longevity, unit costs, market forces	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
Service changes eg. Residential care to supported living, move to direct payments, transitional period	500	1,000	Restructure within budgets, project manage change process.	Further focus on change management	0.1	50
Joint arrangement/partnering disputes/issues	200	1,000	Monitor agreements and issues arising closely.	Ensure monitoring systems are up to standard of agreement in place	0.05	10
CHILDREN AND LEARNING						
Children's Services						
Looked after Children - numbers of children taken into care & cost of care packages	1,500	3,000	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		0.4	600
Special Guardianship Orders	300	400	Difficult to mitigate further since determined by the courts		0.1	30
Disbenefitted Families	200	300	Careful application of the regulations. Requires review		0.2	40
Schools and Academies not wanting LBC services	100	500	Discussions with academies re provision		0.2	20
Pupil numbers cause demands for transport beyond budget	300	600	Active monitoring		0.4	120
Schools deficits	200	200	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	
ENVIRONMENT & REGENERATION						
Planning :						
Major planning enquiry	100	400	Specific planning reserve		n/a,	
Planning income	100	200			0.3	30
Eng & Transport :						
Concessionary fares demand exceeds budget	200	500	fixed price agreements within tolerance limits		0.05	10

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Parking income falling in recession Parking enforcement not being adequate	200	1,000	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	0.1	20

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Street Services:						
Waste disposal costs increase	500	1,000	Client agents monitoring. Education of public re recycling/waste issues		0.1	50
Pressure to increase service levels	200	300	Manage to budget as far as possible		0.1	20
Weather	300		Reactive - adverse weather increases maintenance requirements/insurance claims etc		0.1	30
COMMERCIAL & TRANSFORMATION SERVICES						
Revenues Service						
Housing Benefit claims - numbers moving out of London	500	5,000	Demand-led - depends on demographics.		0.2	100
Welfare Reform creating more demand for crisis loans etc	500	1,000	Manage to budget as far as possible		0.2	100
Investment properties:						
Unplanned voids/tenant defaults	250		Market for new tenants		0.1	25
Rent reviews delay	25		Resources		0.2	5
CHIEF EXECUTIVES						
Communications						
Staff absence can result in work needing to be sent outside	80		Active management		0.1	8
CORPORATE ISSUES						
Income reductions/service pressures/supplier defaults arising from the recession	400	1,000	Active budget monitoring		0.2	80
Investments: Interest rates & borrowing rates. Investment performance/ risk of bank default	400	2,000	Continue to review lending list and any alerts from credit rating agencies on a daily basis		0.1	40
Pay awards above budget provision	1,000	1,000	Require managers to manage within existing provision		n/a	-
Insurances - external premium rises above allowance	300		Keep tabs on market and reduce claims		0.2	60
Insurances - claims rise	500		Risk management advice & initiatives. Claims history in charges		0.02	10
Claims against the Council	500	1,000	Approach agreed		0.05	25
VAT Partial exemption	900		Calculated annually Look carefully at new proposals with exempt activity		0.05	45
Inflation levels on services, eg care	1,200		Monitor levels - take a prudent view - fixed price contracts	Managers have to manage within budget	0.05	60

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Local Voluntary organisations requiring emergency help	500	1,500	Ensure prioritisation against other budget requirements		0.05	25
Income - debt collection issues	1,000	2,000	Active monitoring by accountancy. Written agreements with 3rd parties. Monthly debt analysis		0.05	50
Emergencies cause unbudgeted costs	800	1,000	Use Bellwin scheme where eligible, actively monitor and minimise costs		0.01	8
Repayment of grants	400	5,000	Log potential	Monitor periodically and address problems	0.05	20
Court Costs further capped by Government	100					100

Total potential general fund	16,955	40,900			Total	1,996
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The likelihood of all these risks occurring in 1 year is limited, though this is taken into account to a degree in the probabilities used

There are also underspends that occur in various services.

The contingency provision required has to be seen in this context. Based on this, a reduction of £400k is suggested
General Contingency -400
1,596

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

	2014/15 £s	2015/16 £s
General Contingency	1,300,000	1,596,000
Energy Cost increase provision	74,456	
Provision for Reorganisation Costs - Redundancy, Pension strain, etc	2,000,000	700,000
Sub-total	<u>3,374,456</u>	<u>2,296,000</u>

Specific Provisions, which it is suggested can be released if necessary by the Chief Executive in consultation with the Leader

Reduction in Parking income from CCTV which will occur if the current Bill is enacted by Parliament	236,000
Implementation of Care Act - potential additional costs of Financial Assessments	50,000
Implementation of Care Act - potential additional costs of Customer Info Advice & Guidance	47,000
Homelessness potential additional costs of Temporary Accommodation	300,000
Deprivation of Liberty Procedures	150,000
Concessionary Fares	77,000
Specific Contingency sub-total	<u>860,000</u>

Total Contingency	<u>3,156,000</u>	
	Total	1.0158

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.