

Risk to Budget Proposals

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
* Risk Status : Red=High; Amber=Medium; Green=Low		

SECTION I - DELIVERY OF BUDGET		
<p>I. Delivery of a Balanced Revenue Budget</p> <p>(a) Comprehensive Spending Review and Settlement The Local Government Settlement in December 2010 covered 2011/12 and 2012/13 only. The scale of the reductions has required the Council to implement budget savings.</p> <p>The Government is undertaking a Government resource review which is expected to see a move away from a fully needs based formula to a more incentivised approach to funding Local Government services.</p> <p>This, together with the lack of clarity around funding beyond 2012/13 increases the uncertainty in terms of planning for the medium term.</p> <p>(b) Risk of non-delivery of budget plans Underpinning the 2012/13 budget are the departmental Budget Delivery Plans. If we are unable to deliver against these plans, we risk non-delivery of the budget.</p>	<p>The latest budget proposals indicate a balanced budget can be achieved.</p> <p>Departmental allocations will continue to be reviewed in the period leading up to the Council Tax setting meeting on 27 February 2012.</p> <p>Building on the 2010/11 budget format, the target reductions have been allocated in a higher percentage to back office functions, protecting front line services wherever possible</p> <p>Budget variation targets remain at 1% overspend and 2% under spend.</p> <p>Delivery Plans have been subject to a robust challenge at CMT and Cabinet</p> <p>Detailed project plans have been developed to support the high level budget delivery plans.</p> <p>Detailed quarterly reports are presented to Cabinet and subject to Scrutiny</p> <p>A monthly combined performance and finance scorecard is reviewed by CMT and Cabinet Planning.</p>	<p>AMBER</p> <p>AMBER</p>

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<p>Directors have produced and signed up to high level plans to deliver a balanced budget. Resources required to deliver plans may lead to plans being phased resulting in planned savings being deferred</p> <p>2011/12 forecasted revenue budget overspend as reported in September quarterly monitoring report will add pressure if CMT are not able to return a balanced situation by year end.</p> <p>(c) Transfers of Responsibilities and Funding</p> <p><u>Public Health</u> The Public Health Service will transfer from Health to Local government during 2012/13 as a shadow year with the Council taking full responsibility in 2013/14. Funding will also move as part of this transfer of responsibility from 2013/14 based on government returns completed in 2011/12. There is a risk that the level of funding transferring will not cover the responsibilities given potential flaws in the government returns.</p> <p><u>Police Commissioner</u> A new Police Commissioner will be elected in November 2012 and take full responsibility for the Forcewide Police Budget with a small transfer of some Formula Grant (formerly part of the Safe and Strong Area Based Grant subsumed into Formula Grant). This may change the use of the funds subject to priorities set by the newly elected Police Commissioner</p>	<p>Budget delivery plans have been subject to Scrutiny.</p> <p>The Council continues to include a contingency provision in the budget of £0.5m in line with previous years.</p> <p>All departments are seeking to return a breakeven budget for 2011/12. In the 2nd quarter report, to September 2011, we were reporting an overspend of £0.569m, being 0.3% of the net budget.</p> <p>The Council and regional Public Health Directors will continue to lobby through the appropriate channels to ensure Public Health is fully funded.</p> <p>A team will be drawn together from relevant services and partners to manage the transfer into the Council's services and structures and look at the delivery options and Public Health priorities</p>	
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2. Service Specific Issues**(a) Children and Young People**

The number of Children in the care of the local authority has increased due to the increasing break down of families arising from the local and national financial climate and also due to increasing trends in childbirth.

The cost of caring for an individual child varies depending on their particular needs

Continued focus on preventative and early intervention strategies will help prevent cases escalating unnecessarily and in many cases help to keep children in their extended family environment

Continued rigour with the decision making process of the placement review panel.

A continued focus on the recruitment, training and retention of in house foster carers will enable more placements to be made appropriately within Plymouth. Higher quality factors increase the council's capacity to care for children with more complex needs.

Early intervention strategies to safely reduce the number of children needing social care. Regular reviews of caseloads.

Successful implementation of a fully functioning Care First system will help to mitigate the requirement for additional social workers.

The transfer of some children in need cases to other agencies through the Common Assessment Framework will ensure that the needs of the children are met by the body best placed to support them and help to contain the pressure on the Council.

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<p>Court ordered assessments may add financial costs where the court determines that a parent and child assessment is required in deciding if and how a child is safeguarded. Currently, the court determine who and how the assessment is undertaken</p> <p>A potential transfer of responsibility from the Home Office to Local Government relating for children and young people remanded to custody would add significant financial pressure on local services</p> <p>A significant number of schools have converted to Academy status and more are likely to convert over time. Funds will transfer from the DSG and general fund to the Academies reducing the economic viability of the authority to deliver statutory core education and supporting services.</p> <p>Increasing competition in the market to sell services to Academies and maintained schools</p> <p>School funding reform could result in a change to the methodology by which resources are transferred from LA's to the DFE for Academies. This would align reductions local funding to match the local Academy take up.</p> <p>Early intervention strategies are more difficult to implement as key partners withdraw financial support (because their core funding is reduced).</p>	<p>The Council is working with the courts to agree an 'in house' approach to parent and child assessments which would reduce the risk of the family being sent away for an assessment</p> <p>Continue to Lobby via the Local Government Association to ensure any transfer of responsibility is funded appropriately</p> <p>The department continues to plan for grant reductions and also design and deliver income generating services to ensure costs are contained within resources. Commissioned services continue to be designed around more flexible contracts. We will continue to maintain a dialogue with Academies, existing and proposed.</p> <p>Continue to Lobby via the Local Government Association to ensure deductions from Local Government Formula Grant is in line with the funding of transfer of responsibilities</p> <p>Continue to liaise with local partners to fund activity that will improve the life changes of young people and also reduce costs to the public sector over the mid to longer term.</p>	
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<p>(b) Adult Social Care</p> <p>Within Adult Social Care there are nationally recognised demographic changes which impact the budget, due to both an ageing population and increased complex needs.</p> <p>The services are volatile and small changes in service user numbers of those with high care needs can impact significantly on the budget.</p> <p>The personalisation, modernisation agendas will present challenges and lead to the transformation of the service. The transition from traditional to modern methods of care and associated restructuring and cultural changes present risks to service delivery in the interim.</p> <p>Service priorities and funding decisions made by Health Partners can impact on the costs incurred by the Council.</p> <p>Local Authorities are now reviewing a number of legal cases challenging the approach taken by Social Care Services.</p> <p>These test cases, primarily into charging and eligibility criteria could result in significant increases in the cost of providing social care.</p>	<p>Accurate and timely monitoring information provided to lead officers for Adult Social Care.</p> <p>Better integrated forecasting and working with Health.</p> <p>Review of data quality, linked to Carefirst project and other systems.</p> <p>The Director of Community Services established a Programme Board 2 years ago and this continues to govern and scrutinise the delivery of action plans and the transformation of adult social care services and commissioning intentions.</p> <p>Maintaining effective and influential working relationships with GP Commissioning via the Sentinel Commissioning Executive will help ensure integration and joint commissioning maximise resources, minimise impact and improve care pathways within the local health and social care community</p> <p>Plans to co-locate Health commissioning staff alongside Social Services staff at Windsor House.</p> <p>The Legal outcomes are being reviewed by our Legal Service against our own budget setting decisions to determine any potential risk of adverse financial impact on the cost of the service.</p>	AMBER
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<p>(c) Stock Transfer</p> <p>As part of the transfer the Council has been required to provide a number of warranties. There may yet be residual costs and claims that will fall to the Council, eg public liability claims.</p> <p>The Council faces financial issues into the future relating to the stock transfer; in the coming year this will include the loss of significant levels of income associated with Service Level Agreements ending or diminishing</p>	<p>The Council has negotiated monies, as part of stock transfer, via VAT shelter and Right to Buy receipts, whilst these monies are a capital resource they have not been allocated to the capital programme. These monies are to assist in tackling issues relating to stock transfer.</p> <p>Quarterly joint liaison meetings take place with PCH. Where Income losses arise associated with Service Level Agreements ending the option of TUPE will be explored</p> <p>The Corporate Items budget for 2012/13 has made a small allowance for residual HRA payments.</p>	AMBER
<p>(d) Environmental Services</p> <p>Landfill tax is set to increase by £8 per tonne each year until 2014. This will add a budget pressure in the region of £650k per year. In addition, the costs of transporting waste are rising.</p>	<p>Targets to reduce the percentage of waste going to landfill have been set.</p> <p>We will continue to review the changes to the LAT's scheme to consider the impact of any alternative target/penalty driven replacement</p> <p>Entering into a Private Finance Initiative, (PFI), with Devon County and Torbay Councils to build a new 'waste into energy' plant.</p> <p>Set aside a Waste Reserve to help address the rising costs of the waste operations until the new solution is built and fully operational.</p>	AMBER

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	<p>Reviewing the cost of waste operations to identify cost reduction and other solutions with the most recent being the replacement of expensive fleet hire with cheaper purchase options</p> <p>The council will explore proposed Government funding to encourage Councils to <u>maintain</u> or introduce weekly collections</p>	
<p>Development & Regeneration</p> <p>(a) Planning Services</p> <p>Planning System Reforms: major reforms of the planning system and new neighbourhood planning arrangements with cost and resource implications and opportunities.</p> <p>Community Infrastructure Levy: will replace Section 106 agreements and has major resourcing implications for future infrastructure planning and coordination of resources to support growth.</p> <p>Economic Climate: fragile economy has necessitated radical and innovative approach to overcome development viability through Market Recovery Scheme. Planning application fee income is still weak as a consequence although applications are rising raising workload implications if not managed carefully.</p> <p>Above all create potential to increase demand for planning services resulting in additional planning applications and policy framework requirements that will need to be resourced.</p>	<p>Planning Services 2012/2013 and 2013/2014 Budget Delivery Plans largely as planned. Some minor adjustments are necessary but the overall target savings are still expected to be achieved.</p> <p>There are limited opportunities to reduce costs further in light of the 28% service reductions implemented over the last 2 years without impacting on the proactive approach of the service to the growth agenda.</p> <p>However ,the key budget opportunities facing the service are:</p> <p>Rolling out additional services such as viability appraisals and developing new income streams together with detailed reviews of existing revenue streams.</p> <p>Developing a Community Infrastructure Levy Charging Scheme</p> <p>Investigating opportunities for new models of delivery and reducing costs</p> <p>Income generation within Planning</p>	AMBER

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<p>(b) Economic Development</p> <p>This year 5 “Star Projects” were identified which will help deliver growth: Inward Investment, Waterfront Business Improvement District, Growth Acceleration Investment Network (GAIN), LEP and City Centre Regeneration. The challenge is to deliver on these projects within limited resources. The ED service is funded from income generated from the commercial property estate ,with a circa £1.2 million surplus contributing to the general fund. It is a further significant challenge to maintain the service income target in a falling market.</p> <p>Notwithstanding the present difficult state of the economy the commercial estate is currently 93% let. Given the size of the estate there will always be a natural turnover of tenants – a higher occupancy rate than that currently existing will therefore be unrealistic to achieve. There is a downward pressure on rentals and on</p>	<p>Services has been benchmarked and shows that the range of charges is wider than most comparable authorities. Elasticity of income generation increasingly restricted due to customer resistance. Potential for further increased income assessed as limited, unless the Coalition Government decentralise planning application fees although that in itself will come with restrictions (e.g. income would be ring fenced to the Development Management function making opportunities for other planning service savings more limited). Planning Services has identified various areas it has stopped doing to ensure focus on departmental priorities.</p> <p>It is essential that the ED service retains capacity to deliver on the Council’s growth agenda; unrealistic commercial income targets should not place service delivery at risk. In terms of policy the recently launched Growing Places Fund of which £14.2 million has been allocated to the Heart of the West LEP, places an onus on councils to provide the ‘technical and financial expertise’ to deliver projects which unlock growth and the ED service will make an essential contribution to this policy and challenge for Plymouth as an authority</p> <p>The key focus must be flexibility in managing the commercial portfolio, as well as looking at how best to use recyclable monies within the Growth Fund . We must look at</p>	
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<p>occasions rent reductions are being granted in order to retain tenants. Further income growth through increased occupancy and rental levels is unlikely and indeed to maintain current occupancy and income levels will be a major challenge in the current economic environment.</p> <p>(c)Transport & Highways</p> <p>The Highway Asset Management plan early draft has been completed and this shows a requirement to increase annual revenue spend by £1.5m and capital spend by £7m to maintain the network on a like for like basis over the next 20 years.</p> <p>Further work is being undertaken to refine this Plan.</p> <p>There also needs to be greater emphasis on 'regional' inputs to ensure we benefit from the likely decentralised budgets for major schemes as well as decentralised local train services.</p> <p>The uncertain economic climate has a significant impact on the service as a whole, being reliant upon car parking income to fund a high proportion of the service.</p>	<p>retaining and growing tenancies in balance with lease renewals and respond to the downward pressure in the market. If we seek further rental growth then this is likely to be at the expense of occupancy which would be to the detriment of the overall budget.</p> <p>The Department will continue to lobby Central Government and take a pro-active stance towards securing maximum grant funding.</p> <p>Responsibilities for Surface Water and Flood management continue with the need for on-going funding through the centralised pot</p>	
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(d)Strategic Housing

There is increasing demand for Housing services brought about by the housing market, welfare benefit reforms and the recession.

There is a significantly increasing demand for homelessness and housing need -with the first upturn in nos of people in temporary accommodation since 2005/6 , and 28% increase in homeless applications from previous years

There is a disproportionate increase in the numbers of vulnerable single people presenting to the council and doubled rough sleeping

There is evidence of squeezing of private rented housing with greater demand due to increasing nos of people who cannot afford to buy. This restricts the supply and our ability to respond to temporary accommodation needs.

Welfare benefit reforms will mean people will have to move or access alternative income to pay for their home. This could mean more pressure and demand on affordable housing and housing needs / homelessness.

North Prospect and Devonport are now demanding more resources and attention from the council and others, and will continue to do so , emphasising this is not just bricks and mortar.

There is now clear evidence of poor housing in Plymouth with its distinct housing market, impacting on people's health and wellbeing. We are only able to respond to this from past capital funding underspends, which will end after next year.

Future years will see a reduced number of adaptations delivered with more people at

The increasing demand on the Homelessness budget, if it continues to rise unchecked, will present pressures to the housing budget for temporary housing. We are expanding easy-let (a private rented sector leasing scheme) and managing our access to other accommodation as best we can. We need to look at more incentives for private landlords to accept our customers, which will be challenging with the welfare benefit changes.

We have Homelessness prevention fund (govt grant continued from last government) for this year and next financial year, but it will be a challenge thereafter unless we have found ways to manage demand and supply.

Private sector housing capital funding diminishes incrementally to grant only after 2013/ 14 at about a third of last year's programme, therefore schemes to help the above will be limited

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<p>risk of going into expensive care homes New house building is at a low; our proportion of affordable housing has been growing due to previous government funding.</p> <p>This has ended being less grant per home, so higher rents 80% of market</p> <p>The mix of increasing demand (11,000 on DHC waiting list) , limited supply (750 pa) and the demands of decanting 940 households over the next few years from regeneration projects, will test resources severely, and if not managed could increase costs of temporary accommodation / bed and breakfast for homeless families</p>		
<p>3. Corporate Issues</p> <p>(a) Maintenance Liabilities</p> <p>Inadequate budget provision to meet maintenance liabilities</p> <p>Provision has been made in the revenue budget to meet the costs of the routine maintenance of the Council's operational buildings. Improvement works are charged to the capital budget.</p> <p>The asset management strategy identifies that there is a significant backlog in maintenance obligations.</p> <p>Risks include health and safety issues that may arise during the year and the uncertainties over the future of the Civic Centre.</p>	<p>Asset management keep under review all the Council's assets including identifying and considering assets for disposal.</p> <p>Accommodation reserve set up to meet one off repairs to Civic Centre (and other Council Offices) pending outcome of negotiations on the future of Civic Centre.</p> <p>The Accommodation strategy will reduce the number of offices and thus the ongoing maintenance liability</p> <p>The insurance reserve can be used to meet the costs of urgent health and safety repairs.</p>	AMBER

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<p>(b) Redundancies Impact of redundancies on revenue budget</p> <p>The budget delivery plans will result in a reduction of staffing across the Council.</p> <p>Redundancies result in one-off costs, including a contribution to the pension fund.</p> <p>International Financial Reporting Standards (IFRS) require the cost of redundancies to be accounted for in the year they are declared not when they are paid.</p>	<p>A redundancy reserve has been set up and a top up will be considered as part of the year end corporate health adjustments.</p> <p>The reserve can be carried forward to future years to enable resources to match accounting requirements</p> <p>We will continue to minimise the number of redundancies through vacancy management, effective redeployment practices and close working with the unions.</p>	AMBER
<p>(c) Equal Pay</p> <p>The Council has received a number of equal pay claims and grievances. These will be dealt with by way of grievance hearings and through the Employment Tribunal system. Formal dates for the hearings have yet to be set.</p>	<p>The Council secured a Capitalisation Direction to cover equal pay claims in 2007/08. This can be used for any claims submitted prior to 31 March 2008.</p> <p>Equal pay reserve set up 31 March 2009 for claims submitted after March 2008.</p> <p>Regulations allow impact of equal pay claims to be deferred until actual payment.</p> <p>The Council can apply for a capitalisation direction in 12/13 if costs exceed threshold.</p>	AMBER

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SECTION II – IMPACT OF MAJOR PROJECTS / CORPORATE ITEMS		
<p>4. Major Projects</p> <p>Delivery of Major Projects- timing and resources The Council currently has a number of cross cutting major projects either in progress or planned for the medium term. The key risk is delivering the projects on time and to budget.</p> <p>The requirement to reduce staffing to balance budgets may impact on the ability to adequately resource projects.</p> <p>Many projects require services to be delivered in an innovative way. There may need to be a requirement for external advisors which puts pressure on budgets.</p>	<p>Clear project plans in place for key areas.</p> <p>Revenue and Capital Funding allocated to Corporate priorities under budget process.</p> <p>Progress on Major Projects overseen by a Project Delivery Boards with finance input.</p>	AMBER
<p><u>The main projects are:</u></p> <p>(a) Waste PFI The cost of disposing the City's waste is due to rise sharply over the coming years. Since closing the Council's landfill site, Chelson Meadow, we have entered into a contractual arrangement to dispose our waste in Cornwall for the immediate future.</p> <p>The Council has jointly signed a contract with German Company MVV Umwelt to deliver an Energy from Waste PFI solution in partnership with Torbay and Devon County Councils. The project is subject to the statutory planning process which is due to be determined by the end of 2011</p>	<p>A waste management reserve has been created with the balance of this reserve currently at £1.5m. Consideration to top up this reserve will be given as part of the year end corporate health adjustments.</p> <p>The contract provides future certainty to the amount the Council will be paying for waste disposal linked to disposal volumes</p> <p>MVV have been consulting all stakeholders including statutory agencies to ensure all areas have been considered within their planning application</p> <p>PFI credits to support the scheme when operational have been confirmed</p>	AMBER

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<p>(b) HR / Payroll replacement</p> <p>The Council is replacing its HR and Payroll systems and has entered into contracts for the implementation of these new systems. The proposed 'go live' date is July 2012.</p>	<p>A project delivery board has been set up which reports to the Corporate Support Programme board chaired by the Director of Corporate Services.</p> <p>All stakeholders have been actively involved in the project including HR, Finance, ICT and service users</p> <p>It is proposed to have parallel running of the old and new systems prior to 'go live' to allow robust testing and validation checks</p>	AMBER
<p>(e) Pavilions (Arena / Ice)</p> <p>The Council in conjunction with the Life Centre project had always intended to pursue options around the reprovision of Ice Skating facilities within the City and the potential remodelling of the Pavilions complex following the closure of the pool area.</p> <p>The Council has commenced an OJEU procurement exercise in early 2012/12 using a 'commercial dialogue' process to select a provider of Ice and Arena facilities</p>	<p>A project delivery team has been set up including officers from legal, finance and corporate property to oversee the procurement exercise</p> <p>The intention is to select a preferred bidder in early 2012/13 and subject to Cabinet approval sign a services contract in the summer of 2012.</p> <p>There is a robust service delivery contract proposed for the delivery of these services, the exact solution will depend on the provider that is selected.</p>	AMBER

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SECTION III - IMPACT OF ECONOMY		
<p>5. <u>Economic Impact on Income</u></p> <p>(a) Reduced income from fees and charges The economic climate continues to see a reduction in income such as car parking and commercial rent income</p> <p>(b) Reduced collection rates – NNDR & Council Tax National economic climate having impact on local authority. This may result in reduced collection rates for the Authority</p>	<p>Departments have reviewed underlying income assumptions.</p> <p>Increases to fees and charges are under review as part of the budget setting process.</p> <p>Key Pls in relation to collection rates reported/monitored in bi-monthly monitoring report.</p> <p>Current monitoring (September 2011) suggests we are holding our very stretching collection targets. Risk is, as economy continues to falter, that this trend doesn't continue</p>	AMBER
<p>6. <u>Treasury Management</u></p> <p>(a) Borrowing risk – portfolio imbalance PWLB/LOBO</p> <p>Increase in PWLB interest rate as part of 2010 Comprehensive Spending Review has made new borrowing more expensive.</p> <p>Average interest payable on loans exceeds rate of interest receivable on investments increasing pressure on budget.</p>	<p>New long term borrowing to be considered from PWLB to address the imbalance.</p> <p>Devon Debt brought in house during 2010/11 which has given greater flexibility over debt repayment.</p> <p>Continue strategy to make greater use of variable rate debt and maximise short term temporary borrowing options.</p> <p>Use balances and reserves to meet cash flow and borrowing requirements.</p>	GREEN

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<p>(b) Investment losses – Iceland Banks</p> <p>Recovery of Investment monies in Landsbanki and Glitnir, and Heritable.</p> <p>Court proceedings now concluded and Test Cases have been granted Preferential Creditor status.</p>	<p>Plymouth City Council representation on the Local Authority Iceland Bank Steering Committee.</p> <p>Dividend payments being received.</p> <p>Plans in place to receive monies as quickly as possible once confirmed.</p> <p>Capitalisation Direction maximised in 2009/10 enabling any potential losses to be spread over a 20 year period.</p>	AMBER
<p>7. Capital Programme</p> <p>Current housing market makes it difficult to generate sufficient capital receipts to fund capital programme at assumed level.</p> <p>Impact of Credit Crunch on Treasury Management with knock on effect on Capital Programme.</p> <p>Any shortfall may require additional temporary borrowing which will impact on revenue budget.</p> <p>The settlement has clarified the position in respect of the immediate impact on resources, although longer term capital resources still remain uncertain.</p>	<p>Constant review of capital receipts position and other financing options as part of monitoring.</p> <p>Review of capital programme to reduce dependency on capital receipts undertaken as part of budget setting.</p> <p>Capital Financing reserve set up which can be used to fund temporary borrowing costs to plug timing differences in receipt of capital receipts.</p> <p>The level of grants will be constantly monitored, with projects being delivered over several years not being commenced until there is certainty over linked grant funding.</p> <p>The programme has been reviewed and a revised programme is being submitted to cabinet for approval as part of this budget report.</p> <p>Continuing dialogue with the relevant Government departments</p>	AMBER

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SECTION IV – FURTHER BUDGET ASSUMPTIONS		
<p>8. Inflation assumptions Difficult to identify impact of inflation / deflation as economic uncertainty continues.</p> <p>RPI remains high. PCC budget is a no-growth budget with no allowance for general inflation</p>	<p>Each department is planning to absorb inflation costs.</p>	<p>RED</p>
<p>(a) Pay award The budget for 2012/13 assumes a pay award freeze.</p>	<p>Budget provision is held corporately for any potential increase.</p> <p>MTFS will address future increases.</p>	<p>AMBER</p>
<p>(b) Energy costs <u>Gas and Electricity</u> The Council procures general energy directly from the wholesale markets and is therefore subject to changing market conditions. The Council's Corporate contract will fix British Gas' administrative charges and margin but does not fix the cost of energy and the network charges.</p>	<p>The price of the transmission network is regulated by Ofgem and is subject to five yearly reviews.</p> <p>Currently, the consortium is buying forward for next financial year (April 2012 - to March 2013)</p> <p>The accommodation strategy and the move to reduce carbon tax emissions should lead to a reduction in energy consumption.</p>	<p>AMBER</p>
<p>(c) Other</p> <p>This is a no-growth budget to balance our spending to our available resources.</p> <p>Inflationary increases have been contained for social care commissioning (private and independent sector), with exceptions relating to previously agreed medium term contracts. Irrespectively, these contracts will all need careful management to contain costs and drive service improvements.</p>	<p>Departments will have to balance any increases from other budget saving initiatives.</p> <p>This is consistent with guidance from commissioning colleagues.</p> <p>Contracts will need to be closely monitored.</p>	<p>AMBER</p>

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SECTION V - OTHER		
<p>9. Partners</p> <p>(a)</p> <p>There is a close relationship between the costs incurred by adult social care and Health Partners</p> <p>Both organisations face future budget pressures and challenging transformation agenda's</p>	<p>The Council has strengthened its relationship with Health Partners through Memorandum of Understanding.</p> <p>The Council is a key and influential partner and meets regularly with Health and is also represented at Executive and in Commissioning Group level. The Council is working with Health to co-locate, integrate and strengthen joint commissioning.</p> <p>Plans are in place to co-locate</p>	AMBER
<p>10. Insurance Cover</p> <p>The adequacy of the authority's insurance arrangements to cover major unforeseen risks</p> <p>Monitoring during 2011/12 indicates the provision should be sufficient to meet all known liabilities.</p> <p>Any shortfall in the provision at year end would be met from the earmarked insurance reserve and/or general balances.</p>	<p>The Council continues to keep the adequacy of its insurance fund under review.</p> <p>A number of pro-active risk management measures are being implemented in response to the identification of problem areas.</p> <p>The Bellwin Scheme is available for emergency expenditure – this provides 85% funding of costs that exceed the Council's threshold of approximately £0.700m.</p>	AMBER

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<p>11. Outstanding Liabilities-Risk Management</p> <p>Contingent Liabilities The Council is aware of the following contingent liabilities:</p> <p>Municipal Mutual Insurance Ltd- Scheme of Arrangement PLUSS Organisation Ltd Section 117 refunds Single Status Equal Pay claims Civic Centre Connexions (Careers South West). Contaminated land Warranties under Housing Stock Transfer agreement, including environmental and asbestos warranties. Local Land Charge income Eastern Corridor Integrated Transport Scheme Spoil heaps at Central Park</p>	<p>The Council operates a system of internal control to identify and manage risk.</p> <p>Contingent liabilities are added to the risk register but specific budget provision is not normally made in the accounts.</p> <p>The Council keeps under review all its outstanding financial liabilities.</p> <p>Contingent liabilities identified and reported as part of Statement of Accounts.</p> <p>Provision accounts set up as appropriate once certainty of liability known, but not expected to be settled by year end.</p>	AMBER
<p>12. Pension Fund Deficit</p> <p>The Council's balance sheet shows a pensions fund deficit of £219m at 31 March 2011.</p> <p>A triennial pensions review was undertaken as at 31/3/2010. This confirmed that the pension contribution rates for the following 3 years to March 2013 will remain at the rate of 19.4%.</p> <p>However, the Council is expected to make a 3 year contribution to the fund of £59m. Should our contributions fall short of this amount, for example as a result of a reduction in staffing levels, the Council will be required to make a one off top up to the fund.</p> <p>Outsourcing/transferred services- Legislation requires pensions liabilities to be fully funded for all staff transferring under TUPE arrangements.</p>	<p>The deficit is reported as part of the Council's Annual Statement of Accounts and is therefore subject to Member scrutiny. The IAS19 deficit in the Statement of Accounts is not calculated on the same basis as the triennial review which takes a much longer term view.</p> <p>The Council makes a 'top-up' to the fund when staff are made redundant.</p>	AMBER

Risk to Budget Proposals

Risk Identified	Risk Mitigation (Actions Required)	Risk Status *
* Risk Status : Red=High; Amber=Medium; Green=Low		

<p>Public Sector Pensions Review</p> <p>Following the publication of Lord Hutton's initial report reviewing all Public Sector Pensions, the Chancellor is seeking an increase in employee contributions of 3.2% across all public sector schemes being phased in over three years commencing on 1 April 2012.</p> <p>There is a significant risk that during the current difficult economic period an increase in employee contributions could result in scheme members opting out of the Pension scheme. This would have an adverse impact on the Pension Fund as it would reduce the cash inflow from contributions.</p>	<p>Following representations from Local Government, the Treasury has recognised that there are significant differences between different public sector pension schemes, and has agreed that the LGPS can achieve the required savings by a combination of increased employee contribution rates and other scheme changes.</p> <p>The Secretary of State for Communities and Local Government (CLG) has issued a consultation document with proposals on how the savings should be achieved, with a deadline for responses of 6th January 2012.</p>	
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Conclusion

This Appendix represents the risks associated with the budget and the actions required to mitigate the risks. These have been taken into account in the budget setting process.

It should be noted that the Council also operates a system of internal control to identify and manage risk, with a key element the maintenance of strategic and operational risk registers.

The departmental delivery plans are also subject to a vigorous risk assessment process and have been risk rated. Details are shown on the delivery plans themselves

The departmental plans have been subjected to cross-departmental challenge at both CMT and Cabinet level.