

## Section I - Analysis of Budget Robustness

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

SECTION I - DELIVERY OF BUDGET		
<p><b>I. Delivery of a Balanced Revenue Budget</b></p> <p><b>(a) Comprehensive Spending Review and Settlement</b></p> <p>Public Sector funding continues to remain extremely challenging. Central Government settlements are now much more short term and uncertain. At the time of setting this 2013/14 indicative revenue budget we still do not know what our funding is for the year (confirmation is expected late December 2012)</p> <p>More funding responsibility is transferring from Central to Local Government with the need to increase Local Business Rates and New Homes Bonus to compensate for a drop in formula grant.</p> <p>Overall revenue funding is expected to continue to reduce for the foreseeable future with a corresponding need to drive further efficiencies and consider alternative service delivery options.</p> <p>The government uses each spending review as an opportunity to review the level of specific grants or to mainstream specific grants into core funding. Where this happens there is a risk of reduced funding impacting on the budget. Examples for 2013/14 are likely to include the Learning Disability and Health Reform Grant, Early Intervention Grant.</p>	<p>Medium Term Financial Forecast has been modelled on a 'most likely' and 'worst case' scenario. Including known spending commitments, the worst case model equates to having to deliver £11.8m of additional plans in 2013/14. CMT and Cabinet Planning have agreed to set plans at this level in order to make some inroads into the 2014/15 anticipated revenue budget shortfalls.</p> <p>Budget Delivery Plans for 2013/14 have been subjected to robust scrutiny both at senior officer level and comprehensive portfolio holder challenges. Further work will be undertaken throughout the early months of 2013 to develop more cross cutting plans aiming to balance an indicative 2014/15 revenue position.</p> <p>The Council will work closely with other stakeholders such as unitary councils, the Local Government Association, SOLACE and LG Futures to interpret, translate and communicate guidance and indicative figures produced from central government at the earliest possible opportunity.</p> <p>Finance will work with departments to establish the likely impact on on-going commitments and implement plans to reduce spending in line with funding changes</p>	<b>RED</b>

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<p><b>(b) Risk of non-delivery of budget plans</b> Underpinning the 2013/14 budget are a set of challenging departmental and cross cutting delivery plans. These are in addition to the step up in delivery plans already incorporated within the 2012/13 base revenue budget.</p> <p>Continuing to deliver increasing plans with limited capacity requires excellent project management and careful monitoring.</p> <p>2012/13 forecasted revenue budget overspend as reported in September '12 quarterly monitoring will add further pressure if CMT are not able to return a balanced budget by year end.</p>	<p>All departments are seeking to make savings to deliver a breakeven budget for 2012/13 and address the reported Adult Social Care budget pressures.</p> <p>Detailed public quarterly reports will continue with a monthly streamlined report being reviewed by CMT and Cabinet Members and Scrutiny.</p>	<b>AMBER</b>
<p><b>(c) Transfers of Responsibilities and Funding</b></p> <p><u>Public Health</u> The Public Health Service will formally transfer from Health to Local government with the Council taking full responsibility in April 2013. Funding will move as part of this transfer of responsibility. There is a risk that the level of funding transferring will not cover the responsibilities.</p> <p><u>Police Commissioner</u> A new Police Commissioner has been elected in November 2012 and will 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>The Council and regional Public Health Directors will continue to ensure Public Health is fully funded.</p> <p>A project team has been established to prepare and implement the smooth transfer of responsibilities.</p> <p>Funding levels will be thoroughly monitored against service commitment transferring. Additional delivery plans will be developed in the event of any funding shortfall.</p>	<b>AMBER</b>

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<p><u>More emphasis on generating local funding</u> Central Government formula grant will continue to diminish. The impact of this can be dampened through generating more local income through Business Rates, Council Tax and New Homes Bonus.</p> <p><u>Local Council Tax Support</u> The system for administering Council Tax Benefit is changing from a national system to a locally administered scheme that needs to be approved by January 2013 and implemented by April 2013. Indicative grant funding for the new scheme is estimated as being £2.6m short of what our existing spend commitments are.</p> <p><u>Young People remanded in custody</u> On the 3<sup>rd</sup> December 2012 all young people remanded to custody will become looked after by the local authority. From April 2013 responsibility for funding will transfer from the home office to the local authority</p>	<p>The Council retains economic growth as a key priority and will aim to divert further resources into this area. Delivery of growth will, in turn generate additional local business rates, an element of which will be able to be retained by the council under the new funding framework.</p> <p>PCC are modelling and planning to enter a Business Rate 'pooling' arrangement, (subject to final settlement), with all Devon authorities in order to maximise the total business rates retained in the County.</p> <p>The Council, along with all Devon authorities, consulted the public on a cost neutral Council Tax Support scheme. Under this arrangement, benefits paid would be reduced across the board, (except for protected clients such as elderly), in order to avoid an additional strain on general revenue resources.</p> <p>Joint working with Youth Offending Service to ensure non-custodial community provision is acceptable to the court for young people at risk of remand.</p> <p>Continue to lobby for appropriate funding via the appropriate channels</p>	RED
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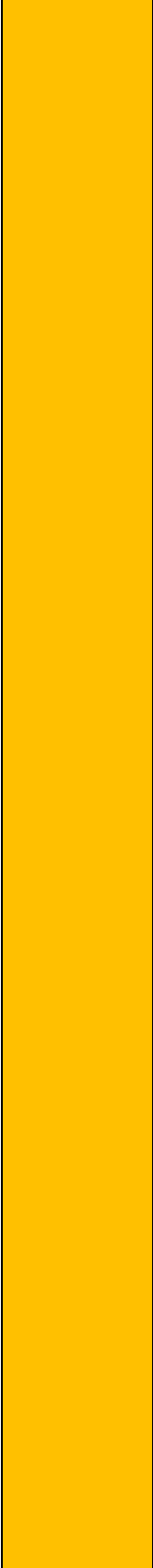
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<p><b><u>2. Service Specific Issues</u></b></p> <p><b>(a) Children and Young People</b></p> <p>Children in Care</p> <p>Within the first 6 months of 2012/13 the number of Children in Care has remained relatively static with a slight downward trend. However, it will be a challenge to deliver within budget due to:</p> <ul style="list-style-type: none"> <li>Increasing numbers of very young children requiring adoption will result in more children aged 5-11 remaining in foster care against a backdrop of a national shortage of adopters</li> <li>The level and complexity of need and behaviours of some children requiring care in high cost Independent Fostering and residential placements.</li> </ul> <p>Children in the Community</p> <ul style="list-style-type: none"> <li>The number of referrals to children's social care has continued to rise. The numbers of children subject to a Child Protection Plan is relatively stable at around 300. However the current economic climate and welfare reforms are likely to have an impact</li> <li>An increasing numbers of unborn babies being referred to children's social care, some of whom will require high cost parent and child assessment placements</li> </ul>	<p>Regular financial modelling of actual activity and trends, monitoring of social work caseloads</p> <p>Continued focus on preventative and early intervention strategies to prevent cases escalating and to keep children in their extended family environment.</p> <p>Closer working relationships with the courts in relation to the implementation of the Family Justice Review.</p> <p>Effective use of the common assessment framework</p> <p>Implementation of the Adoption Action plan, partnership working with our local Voluntary Adoption Agency to recruit adopters for 'harder to place' children.</p> <p>Continued recruitment, retention, training and development of in house foster carers to keep children within Plymouth.</p> <p>Rigour in resource Panel to review high cost placements</p> <p>January 2013 opening of a small in City residential provision.</p> <p>Continued use of the Councils parent and child assessment team and the recruitment of Parent and Child fostering placements.</p> <p>Commissioning activity to drive down the cost of residential parent and child provision</p> <p>Audit of referrals and initial assessments to examine robustness of children social care thresholds.</p> <p>Appropriate de-escalation of child in need or child protection cases via the common assessment framework to community support</p>	<b>AMBER</b>
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<p>There continues to be a change to the status of schools in the city which include academies, trust schools and co-operative trusts as well as local authority maintained schools. There is increased competition in the market to sell services to schools which could lead to a loss of business and income.</p> <p>School Funding Reform from April 2013, including increased delegation of budgets to schools has potential impacts on the Council's services.</p> <p>The role of the local authority as a champion of inclusion is impacted by reduced budgets.</p> <p>An increase in the numbers of children and young people with complex disabilities and the cost of meeting their needs.</p> <p>Budget pressures and structural changes across partner agencies impact on the ability to promote early intervention and prevention and diversion from specialist services and invest in workforce development.</p>	<p>Focus on local co-operative and collaborative models working with schools to design and promote local services to support their needs.</p> <p>Promoting an ongoing collaborative relationship with organisations of schools for school improvement and support for pupils.</p> <p>Modernising the traded offer to schools through the Services4Schools directory to maximise buy back.</p> <p>Continued work with partners, local special schools and the voluntary and community sector to provide lower cost personalised packages of education and care.</p> <p>Early Intervention and Prevention Strategy agreed by all partners to improve integrated working. This will include collective workforce development.</p> <p>Rigorous commissioning and contract monitoring of early intervention services.</p> <p>Clear children's voice on Health and Wellbeing board and Children's Trust Partnership</p>	
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<p><b>(b) Adult Social Care</b></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>Underlying revenue overspend in 2012/13 will place additional pressure to deliver efficiencies alongside the challenging budget delivery plans for 2013/14</p> <p>The personalisation, modernisation agendas continue to present challenges as they drive the transformation of the service. The transition from traditional to modern methods of care and necessary cultural changes could in the interim create budget pressure.</p> <p>Service priorities and funding decisions made by Health Partners can impact on the costs incurred by the Council.</p> <p>Nationally a number of Local Authorities are reviewing a number of legal cases challenging the approach taken by Social Care Services. These test cases, primarily into charging, fee levels 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>Allowances made in MTFE for inflation and demographic growth for 2013/14 budget.</p> <p>Better integrated forecasting and working with Health. Review of data quality, linked to Carefirst project and other systems.</p> <p>All departments are seeking to make savings to deliver a breakeven budget for 2012/13 and address the reported Adult Social Care budget pressures.</p> <p>The People Programme Board 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 Plymouth Health Commissioners.</p> <p>Public Health staff will co-locate with Social Services staff in Windsor House in March 2013. Further co-location with Health staff will follow shortly after.</p> <p>The Legal outcomes are being carefully reviewed by our Legal Service in the context of Plymouth City Council.</p>	<b>AMBER</b>
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<p><b>(c) Homes and Communities</b></p> <p><b>Housing</b></p> <p>There is a risk of rising costs for homelessness, housing need and other housing services due to</p> <ul style="list-style-type: none"> <li>• Increasing demand because of welfare benefit reforms / recession.</li> <li>• Increased people Rough Sleeping</li> <li>• Rising costs of Private Renting</li> <li>• Regeneration of North Prospect and Devonport adding increasing demand</li> <li>• Poor housing stock in Plymouth and reduced government funding to tackle the problem</li> </ul> <p>The mix of increasing demand (10,000 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>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</p> <p><b>Stock Transfer</b></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>Delivery plans attached to the Housing Plan which set out how we will mitigate these issues. We are expanding easy-let (a private rented sector leasing scheme) and managing our access to other accommodation as best we can.</p> <p>Two more years of homelessness grant funding at present - without this things will be more difficult</p> <p>We have £1m health funding to fund adaptation grant for 2013/14 but not thereafter</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</p>	<b>AMBER</b>
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<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>resource they have not been allocated to the capital programme. These monies have been set aside in the first instance to tackle any issues relating to stock transfer. The monies could become available for alternative investment as potential liabilities reduce.</p> <p>Quarterly joint liaison meetings continue to take place with PCH monitoring variations to Service Level Agreements</p>	
<p><b>(d) Environmental Services</b> 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 have entered 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. Additional allocation in the MTFE to cover short term funding shortfalls until the new plant is fully operational.</p> <p>Reviewing the cost of waste operations to identify cost reduction and other solutions such as the replacement of expensive fleet hire with cheaper purchase options.</p> <p>The council will continue to pursue proposed Government funding to encourage Councils to <u>maintain</u> or introduce weekly collections</p>	<b>AMBER</b>





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<p>Private sector housing capital funding diminishes to grant only after 2013/ 14 at about a third of previous year's programme.</p> <p>New house building is at a low; our proportion of affordable housing has been growing due to previous government funding</p>	<p>private sector on new housing delivery models, development of proposals for self build.</p>	
<p><b>3. Corporate Issues</b></p> <p><b>(a) Maintenance Liabilities</b></p> <p><b>Inadequate budget provision to meet maintenance liabilities</b></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>Strategic Property will keep under review all the Council's assets including identifying and considering assets for disposal.</p> <p>An allocation has been made in the MTFF to cover the short term maintenance costs of the Civic Centre prior to securing a viable long term solution (contract due to be awarded in June 2013)</p> <p>The Accommodation strategy has reduced the number of offices and on-going maintenance liability</p> <p>The insurance reserve can be used to meet the costs of urgent health and safety repairs.</p>	<b>AMBER</b>
<p><b>(b) Impact of redundancies on revenue</b></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>A redundancy reserve has been set up and will be kept under regular review. The Voluntary Release Scheme has been re-launched in November 2012 for a limited time</p> <p>We will continue to minimise the number of redundancies through vacancy management, effective redeployment practices and close working with the unions.</p>	<b>AMBER</b>

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<p><b>(c) Equal Pay</b></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.</p>	<p>An equal pay reserve has been set up and will be kept under regular review.</p> <p>The Council can apply for future capitalisation directions should costs exceed threshold</p>	<b>AMBER</b>
<p><b>(d) Welfare Reform</b></p> <p>The Government's planned overhaul of the welfare system will impact on many services provided by the council and, more importantly, will have a significant impact on the residents of Plymouth.</p> <p>For example, less benefits paid could impact on the council's priority of delivering growth, affect homelessness figures and reduce our ability to collect income due to us.</p> <p>Indicative funding to implement a new Council Tax Support scheme is circa £2.6m less than existing spend demand</p>	<p>A cross-cutting officer group evaluating the overall impact of welfare reform has been established.</p> <p>Regular awareness sessions and road-shows will continue.</p> <p>Effective links maintained within the sector and local partners.</p> <p>Consultation has been completed on a self-financed new Council Tax Support scheme (to commence in April 2013). Services are monitoring current demand and preparing for potential increases from April 2013, once the new welfare reform starts.</p>	<b>RED</b>

## SECTION II – IMPACT OF MAJOR PROJECTS / CORPORATE ITEMS

<p><b>4. Major Projects</b></p> <p><b>Delivery of Major Projects- timing and resources</b></p> <p>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</p>	<p>Clear project plans in place for key areas. Focussing on a fewer number of larger projects, such as the transformational change agenda. Promoting greater visibility, governance and reporting arrangements for such projects.</p> <p>Wherever possible, revenue and Capital Funding have been allocated to Corporate priorities under the</p>	<b>AMBER</b>
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<p>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>budget process.</p> <p>Financial benefits achieved through the delivery of cross cutting projects and delivery plans will be offset against budgets held within individual service areas that benefit from the respective project.</p>	
<p><b><u>The main projects are:</u></b></p> <p><b>(a) Waste PFI</b> The cost of disposing the City's waste is due to rise sharply over the coming years.</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 new plant is due to be fully operational by October 2014.</p>	<p>A waste management reserve has been created to manage the short term funding gap prior to the new plant being operational. Additional allowance has been made in the MTFF for 2013/14 and 2014/15.</p> <p>The contract provides future certainty to the amount the Council will be paying for waste disposal linked to disposal volumes. PFI credits to support the scheme have been confirmed</p>	<b>AMBER</b>
<p><b>(b) HR / Payroll replacement</b></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 has been delayed until February 2013.</p>	<p>A project delivery board is in place which reports to the Corporate Services Programme Board.</p> <p>There will be parallel running of the old and new systems prior to 'go live' to allow robust testing and validation checks</p>	<b>AMBER</b>
<p><b>(c) Pavilions (Arena / Ice )</b></p> <p>The Council in conjunction with the Life Centre project had always intended to pursue options around the re-provision of Ice Skating facilities within the City and the I remodelling of the Pavilions complex following the closure of the pool area.</p>	<p>The Council has now selected a provider of Ice and Arena facilities</p>	<b>GREEN</b>

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<p><b>(d) Transformational Change</b></p> <p>The Council has approved a programme of transformational change which will require a fundamental review of all services that we provide.</p> <p>Customer transactions will be integrated to give 'one version' and 'entry point' for the customer and all transactional services will be consolidated in one place.</p> <p>This project will require significant resources to implement including major investment in ICT, change management capacity and staff engagement throughout the process.</p>	<p>Cabinet and CMT have signed up to the programme and agreed to fund the £4.5m implementation costs.</p> <p>The MTFF assumes a net return, (after borrowing costs) of £1.5m by 2014/15 rising to £3.2m in the following year.</p> <p>A Programme sponsor and lead has been appointed and further capacity and appointments will be made early in 2013.</p> <p>Agreement has been made to use an element of council reserves to 'pump prime' the project.</p>	<b>AMBER</b>
<p><b>(e) Shared Services</b></p> <p>The Council has been exploring the market and benefit for sharing services with other public sector bodies. In the first instance this has focussed on ICT, although other service areas are being considered.</p> <p>An initial budget delivery plan has been set within the Corporate Services budget for 2013/14 to achieve £500k from ICT shared services.</p>	<p>A full Business Case for ICT shared services will be produced in February 2013.</p> <p>Expressions of interest have been made by Exeter, East Devon, Teignbridge and Plymouth City Council to enter into sharing ICT services. Work is ongoing to deliver a Health ICT shared service.</p> <p>Revenue funding is established for a lead senior officer. Legal and financial capacity has been allocated to the project to aid development and implementation.</p>	<b>AMBER</b>
<b>SECTION III - IMPACT OF ECONOMY</b>		
<p><b>5. Economic Impact on Income</b></p> <p><b>(a) Reduced income from fees and charges</b></p> <p>The economic climate continues to see a reduction in income such as car parking</p>	<p>Departments have reviewed underlying income assumptions. Allowances have been made in the MTFF for 2013/14 revenue budget.</p> <p>Increases to fees and charges are</p>	<b>AMBER</b>

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<p>and commercial rent income</p> <p><b>(b) Reduced collection rates – NNDR &amp; Council Tax</b> National economic climate having impact on local authority. This may result in reduced collection rates for the Authority</p> <p>As more stages of welfare reform are introduced, further pressure will be evident on income collection rates.</p>	<p>under review as part of the budget setting process.</p> <p>Key PIs in relation to collection rates reported/monitored in bi-monthly monitoring report.</p> <p>More focus on collecting income earlier in the process through direct debit and on-line methods.</p> <p>Allowances made in MTFF for reduced income rates. Hardship fund proposed as part of the new Council Tax Support scheme.</p>	<b>AMBER</b>
<p><b>6. Treasury Management</b></p> <p><b>(a) Borrowing risk – portfolio imbalance PWLB/LOBO</b></p> <p>Average interest payable on loans exceeds rate of interest receivable on investments increasing pressure on budget.</p>	<p>New borrowing to be considered from PWLB to address the imbalance.</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 wherever possible.</p> <p>Seek opportunities to repay long term historical loans where viable and cost effective to do so.</p>	<b>GREEN</b>
<p><b>(b) Investment losses – Iceland Banks</b></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>PCC representation on the Local Authority Iceland Bank Steering Committee.</p> <p>Regular dividend payments are being received and actively pursued..</p> <p>Capitalisation Direction maximised in 2009/10 enabling any potential losses to be spread over a 20 year period.</p>	<b>AMBER</b>

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<p><b>7. Capital Programme</b></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>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>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>Continuing dialogue with the relevant Government departments</p>	<b>AMBER</b>
<b>SECTION IV – FURTHER BUDGET ASSUMPTIONS</b>		
<p><b>8. Inflation assumptions</b></p> <p><b>Difficult to identify impact of inflation / deflation re economic uncertainty</b></p> <p>RPI remains high. PCC 2013/14 revenue budget does not allocate general inflation to non-pay lines.</p>	<p>2013/14 revenue budget has allocated inflation increases to core pressure points of Adult, and Children, Social Care contracts and Utilities.</p> <p>Continuing assumption that departments will absorb general inflation (estimated to be circa £800k council-wide)</p>	<b>AMBER</b>
<p><b>(a) Pay award</b></p> <p>The budget for 2013/14 assumes a pay increase of 1.5% following the last two years of pay freeze.</p>	<p>Budget provision is held corporately for any potential increase.</p> <p>MTFF will address future increases.</p>	<b>GREEN</b>

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<p><b>(b) Energy costs</b> <u>Gas and Electricity</u> The cost of utilities continues to soar which impacts across a range of council budgets. We currently spend circa £4.2m per annum on gas and electricity</p> <p><u>Plymouth Life Centre</u> The risk for fluctuations in utilities tariff is held by the authority.</p>	<p>12% allowance made in the MTFF for uplift in 2013/14 revenue budgets</p> <p>A new 'hedging' contract for purchasing energy has been approved in October 2012 which will help minimize increases.</p> <p>Business case approved to place solar panels of four of the council's buildings to reduce energy consumption. Further 'invest to save' proposals being drafted.</p> <p>Close monitoring of utilities utilisation. Operator has a contractual obligation to reduce utilities consumption annually</p> <p>Energy payback schemes such as Green Tariff and Photovoltaic cells to be considered</p>	<b>GREEN</b>
<b>SECTION V - OTHER</b>		
<p><b>9. Partners</b> 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 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>Budget scrutiny in January 2013 will, for the second consecutive year, incorporate key partners within the process.</p>	<b>AMBER</b>
<p><b>10. Insurance Cover</b>  <b>The adequacy of the authority's insurance arrangements to cover major unforeseen risks</b></p>	<p>The Council continues to keep the adequacy of its insurance fund under review.</p>	<b>AMBER</b>



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<p>Monitoring during 2012/13 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>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>	
<p><b>12. Pension Fund</b> <b>a] Deficit</b></p> <p>The Council's balance sheet shows a significant pensions fund deficit as at 31 March 2012.</p> <p>A triennial pensions review was undertaken in Sept 2010. This confirmed that the pension contribution rates for the following 3 years to March 2014 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>In 2011/12 we topped up our contributions by £0.3m from our contingency budget</p> <p>For 2012/13 we have been advised of an indicative shortfall of £0.8m.</p> <p>We do not have a projected shortfall for 2013/14 but can assume, as the payroll</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 Pension Administrators are advising us on an annual basis of their latest projected funding shortfall required, and we are topping up our contributions based on these assumptions on an annual basis. We will know the final funding requirement at the conclusion of the next full valuation, expected in October 2013.</p> <p>We have a pension reserve set aside at £1.1m and for the 2012/13 projected shortfall of £0.8m we will be funding from our contingency budget and drawing down from this reserve.</p> <p>As with 2012/13, we will need to</p>	<b>AMBER</b>

## Section I - Analysis of Budget Robustness

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

<p>contributions reduce, that the amount will be approx. £1m</p> <p>Outsourcing/transferred services- Legislation requires pensions liabilities to be fully funded for all staff transferring under TUPE arrangements.</p> <p><b><u>b] Auto Enrolment</u></b></p> <p>Plymouth City Council has been allocated a 'staging date' of April 2013. If all employees who are auto-enrolled choose to remain in the scheme, there would be significant budget implications. If, based on a 10% increase employer contributions, it would rise by approximately £200,000.</p>	<p>draw down the balance on the pension reserve and use our contingency budget.</p> <p>The Council makes a 'top-up' to the fund when staff are made redundant.</p> <p>Funding is confirmed as part of the negotiations.</p> <p>At this stage, any impact on the 2013/14 revenue budget will need to be funded from the contingency budget.</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, Cabinet and portfolio holder level.