

Revenue Budget 2016/17

Assessment of Significant Financial Risks to Substantiate Target Level of Unearmarked Working Balances

| Nature of Risk <i>[and rationale for quantification]</i> | Mitigation | £m |
|--|---|-----|
| Budget savings of £25.1m in 2016/17 are not achieved, resulting in service budget overspendings <i>[delivery of 90% full-year effect in 2015/16]</i> | Robust and realistic series of plans for each Directorate to demonstrate how the savings are to be achieved, monitored at Corporate Leadership Team and by Portfolio Holders on a monthly basis | 2.5 |
| CT collection rates deteriorate as a result of economic climate, CT Reduction Scheme and cap on Attachment of Benefits, and changes to CT discounts and exemptions <i>[13/14 -> 15/16 deterioration]</i> | Ongoing monitoring of collection rates and by client group, enabling early intervention by Council support staff. Robust and consistent recovery processes in place. | 1.4 |
| Business rate collection rates deteriorate as a result of economic climate and success of business rate appeals <i>[Safety Net less Contingency]</i> | Ongoing monitoring of collection rates and by business group, enabling early intervention by Council support staff. Robust and consistent recovery processes in place. Closer liaison with VOA to understand business rate appeals pending. | 0.7 |
| Interest rate changes <i>[impact of increase to weighted average interest rate by 0.4%]</i> | Prudent assumptions regarding the volume of temporary surpluses available to the Council and the interest rates at which these might be deposited. Rigorous Treasury Management procedures and an investment policy informed by proactive intelligence gathering on market conditions and prospects. | 0.6 |

| | | |
|--|---|------------|
| Revenue consequences of capital investment, including business rate liabilities and clawback of external funding | Full adherence to project management frameworks and methodology | 0.5 |
| Increased levels of sundry debt write-offs owing to economic climate | Clearly defined policies and procedures applying to the recovery of outstanding amounts. Swift and effective use of recovery powers. Feasibility study into the centralisation of a debt-raising team. | 0.3 |
| Current year service over-spending are replicated in 2016/17 <i>[based on forecast as at month 9]</i> | Additional funding of £2.7m in 2016/17 Budget to reflect demographic pressures in Social Care and recovery plans drawn up by services and monitored by the Tourism, Economy & Resources Committee | - |
| Insufficient funding for new burdens such as National Living Wage and implementation of the Care Act | Forecast pressures factored into Budget but local and national modelling of the financial implications of the Care Act suggest that the 2015/16 funding of c.£1.7m should be sufficient, but further modelling required for 2016/17 when local authority liabilities ramp up. | - |
| Changes in Final Settlement Funding Assessment | Continue to lobby LGA, DCLG, DfE, DoH and HM Treasury on material funding inconsistencies such as the levels and distribution of funding cuts in advance of the Final Settlement announcement | - |
| | INDICATIVE TOTAL | 6.0 |