

| No.                     | Description of Risk   | Potential Impacts / Consequences   | Opportunities  | Gross Risk Score |   |    | Controls and Mitigations  | Net Risk Score |   |    | New Developing Controls   |
|-------------------------|---|--|--|------------------|---|----|---|----------------|---|----|---|
|                         |   |  |  | I                | L | GS |   | I              | L | NS |   |
| <b>External Factors</b> |   |  |  |                  |   |    |   |                |   |    |   |
| A1                      | Localising business rates   | Increased risk re appeals/impact on collection rates as following the implementation of localising business rates, 100% of outcome will fall on local government.  | Potential for rate variation, setting of lower multiplier to attract new business  | 4                | 5 | 20 |   | 4              | 5 | 20 | Respond to consultation, lobby through networks such as LGA, SIGOMA, etc.   |
| A2                      | Business rates appeals  | Reduction in funding , impact of backdating. Localising of Business Rates will increase this risk from 50% to 100% for local authorities.  | Current consultation on dealing with business rates appeals process - check, challenge, appeal might reduce the number of appeals  | 4                | 5 | 20 |   | 4              | 5 | 20 | New 3 stage appeals process - check, challenge, appeal  |
| A3                      | Review of needs and resource allocations  | Currently determined by the 2013/14 four block method with a fixed pot of £14.5bn by 2019/20. The issue is how will this be allocated following the review of needs and resources allocation. There will be gains and losses which will alter the business rates top up / tariff adjustment for individual authorities.  | Blackpool will feed into consultation process to argue its case  | 4                | 5 | 20 |   | 4              | 5 | 20 | Respond to consultation, lobby through networks such as LGA, SIGOMA, etc.   |
| A4                      | European Union Referendum result - impact on national economy                                     | Potential slowdown of the economy which could lead to an increase in unemployment. Central government funding to departments could be hit with a consequential impact on local government funding. Also European grant funding could end.  | Lower interest rates available to support Council capital projects. Offer of a 4-year finance settlement. State Aid rules might be reviewed.   | 4                | 5 | 20 | Central government has confirmed that approved projects signed up to European funding by the Autumn Statement 2016 will be covered by the Treasury. | 4              | 4 | 16 | Council is considering accepting the Government's offer of a 4-year finance settlement although from Blackpool's perspective this only covers the Revenue Support Grant element of central government funding but the business rates top-up that is also received will not be altered for the 4-year period 2017/18 to 2019/20. Potentially this offer will give protection from funding distributional changes, additional cuts, changes to assessment of need and greater certainty. However, there is a risk to this associated with the review of needs-based resource assessment. Blackpool will continue to lobby Government via its various networks such as the LGA, SIGOMA, etc. |
| A5                      | New Homes Bonus Consultation  | Change to the system for the allocation of the New Homes Bonus - potential loss of grant   | Target use of land for housing or business purposes  | 3                | 5 | 15 |   | 3              | 5 | 15 | Respond to consultation, lobby through networks such as LGA, SIGOMA, etc.   |
| A6                      | Autumn Statement announcement   | Potential funding reduction for local government   | Central government review of its budget surplus target by 2020   | 4                | 3 | 12 |   | 4              | 3 | 12 | Respond to consultation, lobby through networks such as LGA, SIGOMA, etc.   |
| A7                      | Revenue Support Grant including rolled-in grants / CT Freeze grant 2015/16                        | Potential funding reduction for local government   | Central government review of its budget surplus target by 2020   | 4                | 3 | 12 | Checking clarification of data submitted to central government departments  | 4              | 3 | 12 | Respond to consultation, lobby through networks such as LGA, SIGOMA, etc.   |
| A8                      | New responsibilities  | New responsibility without new burdens funding / new funding resources.  | Economies of scale and controls over the delivery of the service   | 4                | 3 | 12 |   | 4              | 3 | 12 | Respond to consultation, lobby through networks such as LGA, SIGOMA, etc.   |
| A9                      | Devolution deals  | New responsibility without new burdens funding/ new funding resources.   | Economies of scale and controls over the delivery of the service   | 4                | 3 | 12 |   | 4              | 3 | 12 | Respond to consultation, lobby through networks such as LGA, SIGOMA, etc.   |
| A10                     | Recession (one recession every decade - by 2019/20 it will be 11 years since last one)            | Traditionally the main impact is on service provision and expenditure and service impact, although it has impacted on income from fees and charges. At last recession local government was not responsible for localised support for council tax and there was no Business Rates Retention. By the end of 2019/20, local government resources will have been reduced hugely, reducing scope to manage further reductions to revenues. The move to 100% Business Rates Retention increases the risk as these resources are recession prone. | Reduction in pay costs. Renegotiation of contracts driving out savings   | 4                | 2 | 8  |   | 4              | 2 | 8  | Level of reserves to cushion against impact of any potential recession  |
| <b>Internal Factors</b> |   |  |  |                  |   |    |   |                |   |    |   |
| B1                      | Reduction in grants, e.g. Education Services, HB/CT Admin and Public Health grants                | Education Services Grant to be removed completely for both academies and maintained schools from September 2017. Public Health Grant has seen reductions in 2016/17 and 2017/18 with further reductions expected over the period to 2019/20. Reductions in grants could lead to job reductions and reductions in service.  | Review of services   | 4                | 5 | 20 |   | 4              | 5 | 20 | Review of services  |
| B2                      | Joseph Rowntree Foundation (JRF) - impact of differential hourly rates on Blackpool Council staff | Additional cost pressure on Budget -> potential threat to jobs / reduction in services   | Pay increase could attract staff and increase staff morale   | 4                | 5 | 20 |   | 4              | 5 | 20 | Built into MTFP   |
| B3                      | Children's Social Care - Looked After Children demand   | Demand has risen sharply in the first quarter of 2016/17 and if this is not recovered the full-year effect of the cost pressure will be c£2m (M3). This also assumes there are no further increases in demand. The consequences would be felt on other service budgets and reserves.   | The Director of Children's Services is investigating the demand and drawing up strategies to try and recover the position. These include service redesigns, external funding bids, market development and partner collaboration. | 5                | 5 | 25 | Regular monthly meetings are held with the Director and s151 Officer to monitor progress over the 2016/17 financial year.                           | 4              | 4 | 16 | Working with partners to identify solutions.  |

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| B4  | Pension - actuarial assessments 2016 and 2019                           | Additional employer costs  | Potential reduction in pension deficit  | 4 | 5 | 20 | Membership of the Local Pension Board and lobbying via Lancs CFOs   | 4 | 4 | 16 | Membership of the Local Pension Board and lobbying via Lancs CFOs                      |
| B5  | External contracts CPI and impact of National Living Wage               | Additional cost pressure, potential loss of providers, reduction in service  | Review of service, renegotiation of contracts   | 4 | 5 | 20 | Renegotiation of contracts  | 4 | 3 | 12 | Renegotiation of contracts   |
| B6  | National Living Wage/sleep-in rates - residential contracts only        | Additional cost pressure, potential loss of providers, reduction in service  | Review of service, renegotiation of contracts   | 4 | 5 | 20 | Renegotiation of contracts  | 4 | 3 | 12 | Renegotiation of contracts   |
| B7  | Contribution to Combined Budgets (Dedicated Schools Grant)              | The Dedicated Schools Grant currently contributes £1m towards the running of School-based children's centres. The Department of Education is consulting on a National Funding Formula which may mean that this contribution would not be able to continue. | The implementation of the National Funding Formula has been deferred so the impact may not be felt until financial year 2018/19 | 4 | 4 | 16 | The Department of Education has asked for evidence in support of spend outside the allowed formula. The Director of Children's Services has provided this evidence and will continue to state the case.   | 4 | 3 | 12 |  |
| B8  | Pay awards (including NI/Superannuation)                                | Additional cost pressure on Budget -> potential threat to jobs / reduction in services   | Pay increase could attract staff and increase staff morale  | 4 | 3 | 12 | North West Employer negotiations  | 4 | 2 | 8  | Lobbying through various groups  |
| B9  | Other inflation - non-pay [excluding Street Lighting PFI and Waste PFI] | Increased costs  | Renegotiation of contracts  | 4 | 3 | 12 | Procurement processes, eg. tendering  | 4 | 2 | 8  | More effective procurement processes   |
| B10 | Growth and Prosperity project - under-achievement of £4m target         | £4m target not achieved by 2018/19   | Project Group generates more income than target. Creation of Enterprise Zones which attract new business to the area            | 4 | 3 | 12 | Board and Working Group in place and working on the creation of project plan, governance arrangements, etc.   | 4 | 2 | 8  | Better utilisation of land resources, potential to attract new businesses to Blackpool |
| B11 | Better Start leverage - assumed matched savings generated               | As part of the original Better Start bid there is an assumed £30m leverage contribution requirement from partners. If the Big Lottery are not assured of this contribution, there could be a potential clawback or freezing of funds.                      | Submission to the Big Lottery of financial templates demonstrating the leverage contributions.                                  | 4 | 3 | 12 | Regular Better Start Finance Group meetings have been established and the submission of the templates is a key focus of work during the current financial year. Representation on the Group include all partners to the bid (CCG, NSPCC and Council). | 4 | 2 | 8  |  |