

## Appendix I

### Risk Factors 2014/15

<b>Issue</b>	<b>£ Scale</b>	<b>Likelihood 1 (low) – 5 (high)</b>	<b>Impact 1 (low) – 5 (high)</b>	<b>Total Score</b>	<b>Potential Annual Impact and Sensitivity Analysis</b>	<b>Risk Areas</b>	<b>Controls and Actions in place</b>
Pay Costs	£13m total costs	2	4	8	1% pay increase = £130k. Budget assumptions: 1% pay award,	Largest single item of cost. Complex drivers across the organisation.	Strict monitoring of both financials and staff numbers. New salary bands introduced from 1 April 2012 which reduced the costs of annual increments. Formal sickness & overtime monitoring. Separate control on agency staff. Part of National Agreement.
Pensions Funding	£25m deficit	1	4	4	1% change in employers contribs = £105k.	Deficit on County Fund. Future actuarial results. Government review.	£520,000 included in 10-year budget in 2014/15 to contribute towards any revaluation increase.
Major Service Income areas					See below by income type	Income subject to local economic conditions. Some very large single-source income targets (see below).	Strict monitoring, with trend analysis.
- Land Charges	£0.2m	4	1	4	20% reduction would be £31k.	Volatile activity levels in the housing market. National legal action now underway in	A provision of £34k is held for the national legal action. Continue to monitor.

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						relation to Personal Search companies recouping monies expended under the previous legislation.	
- Development Control	£0.7m	3	3	9	20% reduction would be £135k.	Volatile activity levels in the housing market and general economic conditions.	Current year income is above target. Continue to monitor.
- Building Control	£0.5m	4	3	12	20% reduction would be £90k	Volatile activity levels in the housing market and general economic conditions. Competition from commercial organisations	Current year income is above target. Continue to monitor.
- Car Parks	£2.0m	2	4	8	20% reduction would be £405k	General economic conditions; central government directives	Current year income is below target. Continue to monitor.
- On-Street Parking	£0.7m	3	3	9	20% reduction would be £143k	General economic conditions. Legislative constraints on spending surpluses. Reverts to KCC control	Current year is above target. Continue to monitor and review.

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- Car Parking – Enforcement income	£0.2m	2	2	4	20% reduction would be £31k	General economic conditions; central government directives	Current year is below target. Continue to monitor and review
Partnership working and partner contributions		3	2	6	Impact on individual projects is high.	Partner actions delayed. Agreed funding not received by SDC. Partnerships ending.	Separate accounting arrangements. Active liaison with partners on service arrangements Written partnership agreements.
External Funding Awards	£0.5m	3	2	6	Up to £400k Impact on individual projects is high	Time limited.	Exit strategies in place.
Changes in service demand		3	3	9	Impacts will vary depending on service.		Service planning in place Continue to lobby Government where changes are due to new Gov't requirements.
Interest Rates	£0.229m 13/14 budget	2	4	8	£143k per 0.5%.	Large cash variance from small rate changes. Reducing availability of suitable counter parties	Use of professional advisers

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Investments	£37m balance at November 2013	1	5	5		Financial institutions going into administration.	Investment strategy regularly reviewed by FRAC.
Asset base maintenance	£1.0m	1	2	2	Annual budget is based on 25% of assessed maintenance.	Unexpected problems occurring with financial implications. Reducing budget levels.	Reserve funds set aside. 10 year maintenance planning carried out. Policy of reducing asset liabilities wherever possible.
Capital Investment resources	£1.7m balance at March 2013	2	2	4	Risks taken into account in the Capital Programme report.	Capital receipt levels modest.	External funding sought wherever possible. Capital Investment priorities in place. Property Review being pursued to secure asset sales.
Disposal of surplus assets	£0.8m budget in plan (14/15)	2	2	4	Risks taken into account in the Capital Programme and Asset Maintenance report.	Planning conflict. Resources required to bring sites forward.	Land Owner/Planning protocols in place. In-house property team. Planned Property Review disposal programme.

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Government Grant	£3.8m in 2013/14	5	4	20	£38k per 1% change	Government continues to reduce grant. Impact of business rates retention policy. Only short term settlements provided. Austerity measures extended to 2017/18.	Adequate level of General Reserve held.
Council tax capping	£8.7m CTAX income in 13/14	4	3	12	£87k per 1% capping reduction	Council tax freeze offers from Govt. Council tax increases limited to 2% Impact on council tax base from Local CTAX schemes.	Draft 10-year budget includes council tax increase assumptions for future years.
Future Service Changes by Government		4	4	16		Additional services without consequent resources, e.g. Maint. of trees on common land. Government directives on income charging e.g. Personal searches	Monitor proposals. Respond to consultation with local view.
Fuel cost increases for Direct Services	£0.5m	5	2	10	10% increase would be £50k	Changes in global oil prices.	Continue to monitor fuel usage and efficiency. Vehicle replacement programme.

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Change to external framework		2	2	4		Abolition of Audit Commission, change of external auditors	Plan responses to new initiatives well in advance. Ensure Council organisation design can meet challenges.