

Risk Factors 2011/12

Issue	£ Scale	Likelihood 1 (low) – 5 (high)	Impact 1 (low) – 5 (high)	Total Score	Potential Annual Impact and Sensitivity Analysis	Risk Areas	Controls and Actions in place
Pay Costs	£14.6m total costs	2	4	8	1% pay increase = £146k. Worse case £372k (2.5%). Best case £0k (0%). Budget assumption = 0%	Largest single item of cost. Complex drivers across the organisation.	Strict monitoring of both financials and staff numbers. Formal sickness/overtime monitoring. Separate control on agency staff. Part of National Agreement.
Pensions Funding	£25m deficit	5	4	20	1% change in employers cont'ns = £123k. Revaluation to take effect from 11/12	Deficit on County Fund. Future Actuarial results.	Some funding set-aside. £300,000 increase in costs assumed in Financial Plan
Major Service Income areas:	£5m	3	2	6	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.

Issue	£ Scale	Likelihood 1 (low) – 5 (high)	Impact 1 (low) – 5 (high)	Total Score	Potential Annual Impact and Sensitivity Analysis	Risk Areas	Controls and Actions in place
- Land Charges	£0.2m	4	1	4	£43k.	Low activity levels in the housing market. Higher proportion of Personal Searches which are free.	Separate growth item in budget proposals.
- Development Control	£0.6m	2	3	6	20% reduction would be £120k.	Low activity levels in the housing market and general economic conditions.	Current year income is above target so continue to monitor.
- Building Control	£0.5m	4	3	12	20% reduction would be £100k	Low activity levels in the housing market and general economic conditions..	Current year income is close to budget. Continue to monitor.
- Car Parks	£1.9m	2	4	8	20% reduction would be £380k	General economic conditions	At end of September 2010 income on target so continue to monitor.
- On-Street Parking	£0.6m	3	3	9	20% reduction would be £120k	General economic conditions. Reverts to KCC control	Current year income is slightly below target. Continue to monitor and review.

Issue	£ Scale	Likelihood 1 (low) – 5 (high)	Impact 1 (low) – 5 (high)	Total Score	Potential Annual Impact and Sensitivity Analysis	Risk Areas	Controls and Actions in place
Partnership working and partner contributions		3	2	6	Impact on individual projects is high.	Partner actions delayed. Agreed funding not received by SDC.	Separate accounting arrangements. Written partnership agreements.
External Funding Awards	£0.6m	3	2	6	Up to £600k Impact on individual projects is high	Time limited.	Exit strategies in place.
Changes in service demand	£0.25m	3	3	9	£250k. Individual impacts are disclosed in the SCIA's and SIA's.		3 year Service planning in place Continue to lobby Government where changes are due to new Gov't requirements.
VAT	£0.15m	3	2	6	£150k if no fees and charges are increased.	VAT rate increased from 15% to 20%	Review fees and charges.
Interest Rates	£0.192m 10/11 financial plan	2	4	8	£70k per 0.5%.	Large cash variance from small rate changes. Large fluctuations in bank base rate.	Use of professional advisers
Investments	£12m expected balance at 31/03/11	1	5	5		Financial institutions going into administration.	Investment strategy regularly reviewed by FAG and P&G Cttee.

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Issue	£ Scale	Likelihood 1 (low) – 5 (high)	Impact 1 (low) – 5 (high)	Total Score	Potential Annual Impact and sensitivity Analysis	Risk Areas	Controls and Actions in place
Asset base maintenance	£1.1m 06/07 Assess't	1	1	1	Annual budget is based on 40% of assessed maintenance.	Unexpected problems occurring with financial implications. Reducing reserve level. Budget proposals would reduce asset maint. Expenditure.	Reserve funds set aside. 10 year maintenance planning carried out. Policy of reducing asset liabilities wherever possible.
Capital Investment resources	£0.5m balance at 31/03/10	2	2	4	Risks taken into account in the Capital Prog. and Asset Maint. report.	Capital receipt levels low.	External funding sought wherever possible. Capital Investment priorities in place. Property Review being pursued to secure asset sales.
Disposal of surplus assets	£0.32m budget in plan (11/12)	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.
Government Grant	£6.3m	5	4	20	£32k per 0.5% change	Government reduces grant levels or assumes a higher level of efficiencies in order to reduce grnt.	Adequate level of General Reserve held. Financial Plan assumes grant reduction phased across 4 years.

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Council tax capping	£0.3m 10/11 increase in fin plan	3	4	12	£89k per 1% capping reduction	Council Tax frozen	Draft financial plan assumes no increase for 2011/12
Future Service Changes by Government		4	4	16		Additional services without consequent resources, e.g. Maint. of trees on common land.	Monitor proposals. Respond to consultation with local view.
Fuel cost increases for Direct Services		2	2	4	£60k	Changes in global oil prices.	Continue to monitor fuel usage and efficiency.
Changes 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.