

Risk Factors 2012/13

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	£12.5m total costs	2	4	8	1% pay increase = £125k. 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	£23m deficit	1	4	4	1% change in employers cont'ns = £110k. Revaluation to take effect from 14/15	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.

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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
- Land Charges	£0.2m	4	1	4	20% reduction would be £37k.	Low activity levels in the housing market. National legal action now underway in relation to Personal Search companies recouping monies expended under the previous legislation.	A provision of £34k is held for the national legal action. Continue to monitor.
- 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 below target. 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 below target. Continue to monitor.
- Car Parks	£2.0m	2	4	8	20% reduction would be £407k	General economic conditions	Current year income is slightly below target. Continue to monitor.
- On-Street Parking	£0.7m	3	3	9	20% reduction would be £130k	General economic conditions. Reverts to KCC control	Current year income is below target. Continue to monitor and review.

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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. Written partnership agreements.
External Funding Awards	£0.7m	3	2	6	Up to £700k 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.
VAT	£0.15m	1	2	2	5% change in VAT rate would be £150k.	VAT rate increased from 20%.	Review fees and charges.
Interest Rates	£0.153m 11/12 budget	2	4	8	£85k per 0.5%.	Large cash variance from small rate changes. Large fluctuations in bank base rate.	Use of professional advisers
Investments	£22m 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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Asset base maintenance	£1.1m 06/07 Assess't	1	1	1	Annual budget is based on 35% 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	£0.8m balance at 31/03/11	2	2	4	Risks taken into account in the Capital Programme 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	£0.8m budget in plan (12/13)	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	£4.9m	5	4	20	£49k per 1% 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		3	1	3	£92k per 1% capping reduction	Council Tax frozen	Draft 10-year budget assumes no increase for 2012/13
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	£0.5m	5	2	10	£21k overspend to October 2011.	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.