

BUDGET SCRUTINY COMMITTEE 16<sup>TH</sup> SEPTEMBER 2013

COPY OF MEDIUM TERM FINANCIAL PLAN PRESENTED TO  
EXECUTIVE ON 2<sup>ND</sup> SEPTEMBER 2013.

Committee:	Executive	Agenda	8
Date:	2 <sup>nd</sup> September 2013	Item No.:	
		Status	Open
Subject:	Medium Term Financial Plan		
Report by:	Director of Corporate Resources		
Other Officers Involved	Assistant Director – Accountancy and IT. Chief Accountant		
Director	Director of Corporate Resources		
Relevant Portfolio Holder	Councillor E. Watts, Leader of the Council.		

### **RELEVANT CORPORATE AIMS**

STRATEGIC ORGANISATIONAL DEVELOPMENT – to continually improve the efficiency and effectiveness of all Council Services by maximising the potential use of Council resources.

### **TARGETS**

All.

### **VALUE FOR MONEY**

This report is intended to ensure that the Council has in place an appropriate framework for agreeing and managing the budget. A robust budget process is an essential foundation for securing Value for Money.

## **1 Purpose of Report**

- 1.1 To update the Council's Medium Term Financial Plan to reflect development since the Plan was agreed in the February of 2013. While the information provided within this report effectively serves to commence the budget process in respect of 2014/15 it should be noted that further work will be necessary before Members are in a position to agree the detailed budget in respect of next year. Although further work on developing and agreeing budgets remains to be undertaken the overall level of resources that will be available to fund the 2014/15 budget is relatively clear and is sufficiently robust to utilise as the basis for decision making.

## **2 Background.**

- 2.1 The Council has successfully completed its financial accounts in respect of 2012/13 although the outcome of the external audit will not be known until the end of September. The Council has again secured a balanced budget in respect of 2012/13 while delivering a small improvement in the level of general balances. Although the Council has successfully protected and improved its financial position over the last few years it will

need to continue to operate against the background of significant reductions in the level of central government funding. The recent announcements by central government concerning the level of funding that will be available in future years under the 2013 Comprehensive Spending Review has confirmed that pressure will continue to reduce local government funding on an ongoing basis. One of the purposes of this report is to update the Council's MTFP to reflect the latest details regarding future levels of government funding. The details include some indicative figures concerning the level of grant for individual local authorities in respect of 2015/16.

- 2.2 Since February 2013 the Council has taken further steps to reduce its underlying level of expenditure and to increase the income available to support expenditure. These steps have included a reduction in budgets in the light of the 2012/13 outturn, together with the implementation of a number of efficiency measures previously agreed by Executive. Officers have continued to manage the position in respect of vacancies and it is recommended that where savings are identified whilst posts are in the process of being recruited to etc that the resultant savings should be removed from budgets. In the first instance such savings will be removed from operational budgets by the Accountancy team subject to the agreement of SAMT with any resultant savings being reported to Executive through the budget monitoring process.
- 2.3. While the Council's financial position has been successfully managed over the initial period of government expenditure cuts arising from the Comprehensive Spending Review of Autumn 2010 Members have consistently recognised that the position needs to be actively managed. In particular to protect the Council's financial position it would be a significant advantage if the Council were able to implement the majority of its savings measures prior to the commencement of the financial year in which the savings concerned are required. This both allows the in year savings to be achieved in full while the savings in the previous financial year are available to assist in funding the costs of restructuring such as redundancy. In agreeing the current MTFP Executive took the view that the Council should by September 2013 have plans agreed that would ensure that by the end of the 2013 calendar year all the measures necessary to secure a balanced budget in respect of 2014/15 were fully implemented. This approach is in line with that set out in the Council's Business Plan to support its case for retaining Efficiency Grant. This report summarises the progress in achieving that objective.

### **3. Comprehensive Spending Review 2013.**

- 3.1. While on the basis of the currently approved MTFP the Council faces a difficult financial position that position has become more challenging following a range of developments since the agreement of the current MTFP in the February 2013. While work is ongoing to secure the required level of savings officers are of the view that on the basis of progress made to date that the budget will be balanced by the year end. There is, however, an increase in the level of savings that needs to be secured from that detailed in the current MTFP over the following two

financial years. While a considerable amount of further work needs to be completed before a budget can be agreed in respect of future financial years the table given below does give a realistic indication at a summary level of the scale of the issues that Bolsover District Council is facing:

	2013/14	2014/15	2015/16
	£000's	£000's	£000's
Current Approved Position (Cumulative Shortfall see 2.4 above)	884	1,608	1,726
Projected Financial Position (Cumulative shortfall see Appendix 1)	0	810	1,560

The table provided in Appendix 1 to this report sets out the detail underlying the summary position as outlined above.

3.2. One of the key factors underlying this revision of the Council's position is that a consultation process around the Local Government Finance Settlement 2014-15 and 2015-16 has been commenced with the end date for responses set at 2<sup>nd</sup> October. Within this consultation the following indicative details have been provided:

- The Government has provided exemplifications concerning the level of Revenue Support Grant and Non Domestic Rate funding in respect of both 2014/15 and 2015/16. While these are not final figures it is not anticipated that they will change significantly from those which the Government are consulting on.
- With regard to 2014/15 the Consultation documentation indicates that the Council will see a reduction in Government funding through grant and non domestic Business rates of some £60,000. This reflects the Government's decision in the budget of 2012 to reduce local government expenditure by a further 1% in respect of next year. In respect of 2015/16 there is a more significant reduction amounting to £0.622m. In overall terms District Councils have seen a central funding reduction of some 15% with the position at Bolsover reflecting the national situation. Within the February 2013 version of the MTFP the grant loss had been assumed as one of 5%. Although the overall reduction in funding for local authorities is one of just in excess of 10% the position in respect of the actual level of Government funding has been compounded by the fact that the Government has recognised a range of new burdens facing local government which have been funded from within the existing grant pool. These new burdens are essentially all County Council and Unitary authority functions therefore this reallocation of funding does not result in any benefit for District Council's.

3.3. Another Government Consultation paper has been issued in respect of New Homes Bonus with consultation concluding on the 19<sup>th</sup> September. The main principle which has been outlined in the consultation paper is that part of the funding arising from New Homes Bonus should be

transferred to the Local Economic Partnership (LEP) with effect from 2015/16. Given that Bolsover is a Member of two LEP's the funding would be split between the Sheffield and the Nottinghamshire – Derby LEP (N2D2). In addition to consulting on this proposed redistribution of New Homes Bonus to LEP's the Government is also consulting on the method of calculating the basis on which NHB funding will be transferred. Under one alternative the first 20% of the funding would come entirely from County Council's with all County Council's losing their current allocation. In this case District Council's would lose approaching 20% of their total NHB which would amount to some £0.150m in respect of Bolsover. In the second exemplification the transfer of NHB to the LEP would come from both County and District's in a two tier area. On the basis of this mechanism Bolsover would lose some 35% of its NHB amounting to some £0.270m. Given that these proposals are currently only out to consultation the figures provided within this report assume a reduction in funding of £0.150m which is at the lower scale of the potential loss.

- 3.4. Finally, there is a third consultation paper "Proposals for the Use of Capital Receipts from Asset Sales to Invest in Reforming Services" which consults on the principle that in certain cases it be allowed that capital receipts be used to pay for the revenue costs of reforming, integrating or restructuring services, provided that the receipts are used to implement measures which will secure long term revenue savings. Having considered this particular consultation paper officers views are that it is unlikely if implemented to have any significant practical impact upon Bolsover District Council.
- 3.5. With regard to the Council's response to these consultation processes it is proposed that we support national lobbying – including responses – from bodies such as the Local Government Association and the Association of District Councils. Accordingly it is proposed that delegated powers are granted to the Chief Executive in consultation with the Leader of the Council to determine an appropriate response to the Governments consultation papers in the light of interests of Bolsover District Council and the lobbying that is undertaken by the wider local government sector.

#### **4. National Non Domestic Rates.**

- 4.1. One of the reforms introduced at the outset of the current financial year concerned the localisation of National Non Domestic Rates. At the time of setting the budget in respect of 2013/14 the Council adopted a prudent policy in its assumptions regarding the level of income that would arise in respect of 2013/14. Further work has suggested that the current budget assumption could be increased by a figure of some £100,000 in respect of this year, with a similar increase being factored in for future financial years. In addition it would seem reasonable to assume a further uplift of £50,000 in respect of both 2014/15 and 2015/16. While there are clearly significant opportunities for increasing income as a result of growing business rate income the majority of the growth continues to go to central government with 20% going to both

the District Council and to the County Council (including Fire Authority). It also needs to be understood that while business rate income does tend to be buoyant over time as a result of economic growth and inflation these positive factors are offset by decline in certain sectors of the economy, by applications for empty property or small business rate relief and by factors such as increases in the number of premises which are eligible for charitable relief, etc.

- 4.2. While Non Domestic Rates will be an increasingly important part of the Council's revenue streams it needs to be noted that – as outlined above – it is quite a volatile source of income. In addition to the issues outlined above there is a large volume of outstanding appeals nationally by the commercial sector against the current valuation back to the date of the commencement of the current valuation list (2010). While part of the costs of any successful valuation appeal will go back to the Government and the County Council, some will fall upon the District Council. Officers have made an appropriate provision within the Non Domestic Rates collection account for the anticipated impact of such appeals. Given the volatility of the NDR income stream officers have been working over the last few months in order to secure a better understanding of the potential risks and opportunities. As part of this work we have identified several organisations who are offering to provide software to both help to analyse the valuation list in order to improve forecasting, and to identify opportunities from within the valuation database to increase NDR revenue. The improvement in the level of revenues would flow from helping the authority to encourage growth (eg by providing easily accessible details of empty properties), by ensuring that the rating list is accurate and contains every hereditament while it reflects and reflecting the correct values of existing commercial properties in the District. Executive should, however, note that this will entail increasing the charge to some local businesses which is likely to generate some concerns amongst those adversely affected. It will, however, help to ensure a level playing field for all local businesses.
- 4.3. Having considered the options which are available to the Council officers have come to the view that the most appropriate way forward would be to utilise a solution offered by the Institute of Revenues Rating and Valuation (IRRV) in partnership with a software company Inform. This partnership is offering a Revenue Forecasting and Retention Software solution at an initial cost of £5,000 per annum. Where the analysis is able to identify an uplift in the rateable values then the Council would pay 10% of the first year's savings to the IRRV / Inform Partnership. Given that this Council only receives some 20% of the increase in rateable value this is a significant cost, however, without the software officers are of the view that it is unlikely that this potential increase in revenue would be secured. While the increased revenue is anticipated to exceed the associated costs in certain cases, however, particularly those relating to Small Business Rate Relief the Council would be required to grant rate relief which would offset any additional income arising from the uplift in Rateable Value. Despite these potential offsetting reductions in income officers are of the view that overall the

proposals will increase the level of income to both this Council and to the preceptors such as Derbyshire County Council.

- 4.4 Acquisition of this software would provide the Council with improved information on which to base its future assumptions concerning the level of business rate income. Accordingly once the software is in place we will revise our forecast level of Non Domestic Rating income accordingly. Given that the utilisation of this software will improve the Council's income stream from Non Domestic rates it is recommended that this be funded from Efficiency Grant.

## 5. Update on Savings Target 2013/14

- 5.1. In agreeing the Council's budget in respect of the current financial year (2013/14) the Council was seeking to address a savings target of some £0.884m. Of this £0.884m some £0.615m of savings opportunities were agreed by Council for implementation. A further £0.269m consisted of savings opportunities which still needed to be identified. Progress in achieving the agreed savings targets is set out in the sections below.
- 5.2. The savings that were agreed in respect of 2013/14 are set out in the table below with the second column detailing the savings achieved to date. In the sections below the table a brief narrative outlining the progress that has been made in each of the areas concerned is provided:

	2013/14 £000's	Achieved to Date £000's	Forecast Year End £000's	2014/15 £000's	2015/16 £000's
<b>Anticipated Budget Shortfall</b>	884	884	884	1,608	1,726
Vacancy Management	(100)	(55)	(100)	(75)	(75)
Leisure Services	(60)	(15)	(30)	(60)	(60)
Street Scene (Green Bins and Garage)	(75)	(60)	(69)	(75)	(75)
BDC / NEDDC Secondments	(100)	(85)	(110)	(150)	(200)
One Off Director Secondment Income	(100)	-	(100)	(0)	(0)
Property Rationalisation Savings	(100)	(19)	(40)	(100)	(80)
Fees and Charges Review	(80)		(20)	(80)	(80)
Reductions in Budgets ( 2012/13 Year End Exercise)	-	<b>(168)</b>	<b>(168)</b>	<b>(168)</b>	<b>(168)</b>
Increase in NDR Income	-	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>
Government Funding reduced in line with Consultation proposals	-	-	-	<b>10</b>	<b>672</b>
<b>Savings to be Achieved</b>	<b>(269)</b>	<b>(382)</b>	<b>(147)</b>	<b>(810)</b>	<b>(1,560)</b>

- **Vacancy Management:** With regard to vacancy management a target of some £0.1m has been agreed for 2013/14. Given that the Council is also seeking to save a significant sum by way of secondments and managers are increasingly of the view that every post needs to be filled, these savings are being achieved by way of

options such as vacancy 'drag', by maternity leave and by individual members of staff seeking periods of unpaid leave. At this stage of the financial year Officers are of the view that some £55,000 of savings have been identified and can be removed from budgets. Officers are currently in the process of implementing a process which will remove these savings from management budgets as they are achieved thus safeguarding such savings in order to meet corporate targets.

- **Leisure Services:** The Leisure Services team are currently in the process of developing and delivering a strategy to reduce the level of subsidy provided by the Council that is necessary to support Leisure facilities in order for them to break even. At this stage Leisure have measures in place which should achieve the agreed target of £60,000 savings in a full financial year, although the savings achieved in the current financial year will fall below this figure.
- **Street Scene:** The savings from Green Bins and Garage reorganisation had been approved by Council and have been implemented. At this point in time it is anticipated that the proposals will deliver on going savings of some £69k initially with the full target of £75k secured over time.
- **BDC / NEDDC Secondments:** A report that was agreed by the Council at its meeting of March 2013 provided formal agreement to proposals to secure a range of secondments between this Council and our Strategic Alliance Partner North East Derbyshire. The measures already in place will secure savings of some £85,000 and it is anticipated that further measures will be identified during the course of the year which will as a minimum achieve the full £100,000 of targeted savings.
- **One off Director Secondment Income:** This is performance related income to be earned by the Director of Development in respect of work for a neighbouring authority. While Bolsover District Council has successfully completed its element of the work the other authority involved needs to successfully complete its role before payment is secured. The position will be kept under review. While this particular income is a one off Executive should note that officers will pursue similar opportunities for income generation should they arise.
- **Property Rationalisation Savings:** This is the final element of the £200k savings to be achieved in respect of the move from Sherwood Lodge to Clowne. Officers are currently working to secure these savings from a combination of further income together with the identification of efficiencies.
- **Strategic Income Review:** The work in respect of the Strategic Income review has now largely been completed and the position is set out elsewhere within this report.

5.3. The table above summarises that progress that has been made in securing the original targeted £0.615m of savings. While further savings



of some £0.117m remain to be identified in respect of the current financial year this essentially reflects the delays and the costs of implementing the necessary changes and it would be appropriate to change some of the associated restructuring costs against efficiency grant. In addition the Council has identified opportunities from reducing budgets as a result of the 2012/13 outturn and from recognising an increased level of income from Non Domestic Rates. While further work is necessary the majority of the measures necessary to balance the 2013/14 budget are in place and it would be reasonable to assume that a balanced budget will be secured by the year end. Executive should, however, note that it will be necessary to charge the costs of the associated restructuring against the Efficiency Grant in 2013/14. Given that these costs are essentially related to redundancy payments and thus will secure on going savings for the Council in respect of both 2013/14 and future financial years this is considered to be an appropriate use of Efficiency Grant which is intended to assist the Council make the transition to operating within the context of a significant reduction in the level of central government financial support.

- 5.4. As outlined above work on the spending patterns in respect of 2012/13 undertaken as part of the process of closing that year's accounts has identified some £0.178m where it has proved possible to reduce budgets. Detailed work by officers subsequent to the Executive report has indicated that the actual level of savings that can be removed from budgets has been reduced slightly to one of £0.168m These budget changes have been implemented across the period of the MTFP. As part of the process of preparing the 2014/15 detailed budgets officers will seek to identify further potential budget reductions for consideration by Members. While the ongoing reductions in non employee budgets has proved to be an important means of securing financial savings over the past few years it needs to be recognised that there is now very little slack in the Approved Budget, and that if a situation arises where either expenditure increases or income falls in year then it will be very difficult to find offsetting budget savings without the use of financial reserves.
- 5.5. The anticipated financial impact of the changes outlined above is incorporated within the financial summary table provided at Appendix 1.

## **6. Addressing the Identified Shortfall in Respect of the Medium Term Financial Plan.**

- 6.1. While this report represents the first stage of updating the Council's MTFP in order to allow Members to agree a budget in respect of 2014/15 the work undertaken to date confirms the understanding of the position as set out in the MTFP of February 2013. While further work will clearly refine the financial forecasts there is a well established and robust picture that emerges. In the first place the budget in respect of 2013/14 should be balanced by the end of the financial year with the full savings target of £0.884m secured. Executive will, however, recognise that the forecast position in respect of both 2014/15 and 2015/16 will require some restructuring of the Council during the current financial year. It is

anticipated that these costs of restructuring will be met from Efficiency Grant.

- 6.2 In respect of both 2014/15 and 2015/16 there is, however, an overall projected shortfall of some £1.6m over the two years. Given the scale of the issues which face the Council there is an agreed strategy of implementing the necessary measures to balance the 2014/15 budget by the end of the 2015 calendar year. This requires that Members agree a programme of measures for implementation over the next two months. The measures that are recommended at this stage are set out below.
- 6.3. The Council's Chief Executive will be taking a report to a future meeting of the Strategic Alliance Joint Board. That report will set out a range of options for achieving further savings from the Strategic Alliance. Subject to the agreement of the Joint Committee, the Chief Executive's proposals will then be referred to the Council at both Authorities for consideration.
- 6.4. Arising out of the underspends it is proposed that a piece of work be undertaken to review all budgets. This will be undertaken in a similar format to the Quarterly Directorate meetings with an enhanced element of independent challenge. The purpose of these meetings will be to identify and agree potential options for reducing non staffing budgets. Although significant savings have already been secured from non staffing budgets these savings have only been taken where there is evidence that the budgets have not been spent in previous financial years. This approach will provide a changed emphasis with a challenge to the reasonableness of budgets even when those budgets have been fully utilised in previous financial years. In effect it will enable a light touch base budget review.
- 6.5. Officers have commenced work to complete a stock condition survey of the Council's non housing assets and will seek to use this as a means of reducing the revenue burden on the Council. Efforts will be made to reduce the number of properties held by the Council while where it is intended to retain assets officers will seek to maximise the associated rental income. One area where the first quarters monitoring process has identified some potential adverse financial costs is in respect of the Tangent where the current economic situation has left demand below the level assumed within the Business Plan. Further work is currently underway to optimise income and to reduce expenditure in order to minimise any potential impact upon the budget in future financial years.
- 6.7. The Council in conjunction with our Strategic Alliance partner North East Derbyshire District Council has undertaken a significant level of work in the development of an Income Strategy. It is anticipated that specific proposals arising from this project aimed at increasing the level of income to the Council will be brought to the next meeting of this Executive. While it is anticipated that an increase in the budgeted levels of income of £80,000 can be achieved this is unlikely to be fully achieved until future financial years. In addition Officers are of the view that a

further increase of some £50,000 can be achieved in respect of future financial years.

- 6.8. While there are a range of options that can be pursued it does need to be recognised that the Council has already secured over the past few years the easier options as a means of achieving its savings targets and accordingly it will be extremely difficult to deliver the range of savings that are necessary to meet the target over the next two financial years. Given that the Council needs to achieve savings of some £0.844m to balance next years budget the following targets give an indication of the level of savings that will need to be achieved.

<b>Options to be Pursued</b>	<b>£000's</b>
Strategic Alliance / Budget Reviews	500
Asset Rationalisation	50
Income Generation	50
Potential Savings	600

While the options indicated above do not deliver the scale of savings that are required they do make a major contribution to that target and accordingly it would seem appropriate that they are pursued at this stage with further measures to be considered as appropriate. Given that both the Strategic Alliance savings and the Budget Reviews are likely to be aimed at securing savings predominantly from back office services it would seem appropriate that a combined target is set in respect of this area of work.

## **7 Risk Management**

- 7.1 The recommendations outlined within the report are intended to promote cost effective Council services and as such will help to mitigate the Strategic Risks of service deterioration / failure, whilst supporting the Council's drive to maintain its underlying level of expenditure within the declining level of resources available to the Council.
72. A key issue which has been covered both during this report and previous reports is that of the increasing level of risk associated with the financial position and operation of local authorities. This increased level of risk impacts upon both the income and expenditure of local authorities. These are set out below:
- In the first place the Government is implementing a programme of reducing the level of central government funding for local authorities. The scale of these reductions is such that the Council is unlikely to be in a position to identify new or additional income streams to compensate for the loss of Government Grant. As a result the Council has and will be required for a number of years to reduce its underlying level of expenditure every year. The associated restructurings and reorganisation inevitably bring with them an increased risk of service failure or the weakening of internal control arrangements.

- With regard to income the Government's localism agenda places increasing emphasis upon local authorities generating their own income from Non Domestic Rates, New Homes Bonus or other locally raised income. While these income streams are capable of generating additional income to offset the reduction in Government Grant they are all potentially volatile sources of income. To the extent to which local authorities are depended upon these income streams there is clearly a greater risk of income levels falling below agreed budgets.

7.3. Given the link between the level of risk and the level of financial balances it has been considered appropriate to review the Council's financial Risk Register and this is set out in Appendix 2. On the basis of the issues identified within this report the Financial Risk Register indicates a level of risk in the region of £2.0m. This is a significant increase over the level of £1.6m identified in the February of 2013 while the level of risk is in excess of the Council's level of General Fund balances which stand at a figure of £1.4m.

7.4. Although the level of financial risk is above the level of General Fund balances the only realistic approach is to mitigate the risk by reducing the level of deficit that the Council is facing in respect of the 2014/15 and 2015/16 financial year. The projected level of the 2014/15 deficit would take our level of General Fund balances to a less than £0.5m which is significantly below the Council's agreed minimum level of balances at £1m. In reality a level of balances at that level when further savings are required in 2015/16 is an unsustainable position. While this is clearly a difficult financial situation it should be recognised that this is no worse than the position which has faced the Council over the last three to four financial years.

## **8 Policy and Performance**

8.1 The recommendations within this report are aimed at ensuring the effective operation of Council services against a background of an ongoing reduction in the level of central government resources.

## **9 Issues for Consideration**

9.1 These are set out in section 3 to 6 above.

## **10 Implications**

### **Legal Implications**

The Council has a legal duty to secure a balanced budget in each financial year. Given that this report seeks to improve the accuracy of our current forecast in respects of both 2014/15 and 2015/16 and to recommend approaches to address the identified deficit it is part of the

process of ensuring that the Council continues to comply with its requirement to balance the budget.

### **Financial Implications**

Financial issues and implications are covered throughout the report.

### **Human Resources**

None

### **Recommendations**

1. That Executive note the position as set out within the report and refer the report to Audit and Governance Committee for its consideration.
2. That Executive notes that the Director of Corporate Resources in consultation with SAMT will reduce management budgets to reflect vacancy delays and other employee savings with such reductions to be reported to Executive as part of the budget monitoring process.
3. That the Chief Executive in consultation with the Leader of the Council be given delegated authority to respond to the Government consultation papers in respect of the Local Government Finance Settlement 2014/15 and 2015/16 and that in respect of New Homes Bonus.
4. That the Council acquires the IRRV / Inform "Analyse Local" package at a cost of £5,000 plus 10% of the additional income arising from the analysis undertaken of the valuation list within the District, with the fixed element of the costs to be met from Efficiency grant.
5. That Executive agrees to amend the forecast shortfall in respect of both 2014/15 and 2015/16 to reflect the position as set out within this report.
6. That Executive endorses the approaches set out in section 6 above as appropriate measures to secure financial savings to address the identified budget shortfall in respect of 2014/15 and 2015/16.

### **Reasons for Recommendations**

To ensure that the Council is in a position to operate its services effectively within the context of approved budgets.

APPENDIX 1

**SUMMARY OF CHANGES IMPACTING ON MTFP.**

	2013/14	2014/15	2015/16
	£000's	£000's	£000's
<b>Currently Approved Position – Shortfall</b>	<b>884</b>	<b>1,608</b>	<b>1,726</b>
2013/14 Savings Measures inc ongoing impact	(499)	(540)	(570)
Reduction in Budgets	(168)	(168)	(168)
Increase in Locally Generated NNDR	(100)	(100)	(100)
Savings to be Achieved	(117)	0	0
<b>Current Position – Shortfall</b>	<b>0</b>	<b>800</b>	<b>888</b>
Other Issues			
Reduction in Government Grant		60	622
Further Increase in Locally Generated NNDR (Growth Agenda)		(50)	(100)
Transfer of New Homes Bonus to LEP's		-	150
<b>Forecast Position Shortfall / (Surplus)</b>	<b>0</b>	<b>810</b>	<b>1,560</b>

## APPENDIX 2

### GENERAL FUND RISK REGISTER

Risk and Mitigation in Place	Gross Value of Risk £000's	Probability	Potential Impact £000's
<p><b>1. Overspend on challenging revenue budgets.</b></p> <ul style="list-style-type: none"> <li>➤ The financial information system and budget monitoring arrangements are robust. The Council has a good record of managing spending against budgets.</li> <li>➤ Regular monitoring reports will be taken to Cabinet and Audit Committee.</li> <li>➤ Elected Members have a good awareness of the Council's budget position.</li> <li>➤ The development of the current budgets has been based upon the active engagement of cost centre managers.</li> </ul>	1,000	25%	250
<p><b>2. Reduction in Government Grant, NNDR or loss of other income above the budgeted level incorporated within the MTFP</b></p> <ul style="list-style-type: none"> <li>➤ Income Budgets have been established on a prudent basis.</li> <li>➤ The position on income levels will be monitored as part of the Council's routine monitoring procedures.</li> </ul>	500	40%	200
<p><b>3. Inability to achieve assumed level of savings for 2014/15 to 2015/16.</b></p> <ul style="list-style-type: none"> <li>➤ Regular reports will be taken to Executive, Council and Audit Committee.</li> <li>➤ The Council has a good record of achieving savings during both 2011/12 and 2012/13.</li> </ul>	810	40%	320

Risk and Mitigation in Place	Gross Value of Risk £'s	Probability	Potential Impact £000's
<p><b>4. Overspend on Capital Programme or underachievement of capital receipts leads to a charge against the Revenue Position</b></p> <ul style="list-style-type: none"> <li>➤ The revenue framework outlined above will also govern the position in respect of the Capital Programme.</li> <li>➤ The Council has agreed a general principle of not entering into capital commitments unless the resources required to fund those commitments have been secured.</li> </ul>	1,000	25%	250
<p><b>4. Developers will have discretion to go the Planning Inspectorate rather than submit major planning applications to the Council should the Council be unable to meet timescales on major planning applications, or as a result of successful appeals against refusal to grant planning permission</b></p> <ul style="list-style-type: none"> <li>➤ Officers will strengthen processes to minimise the risk of major planning applications being determined outside of targeted dates.</li> <li>➤ Work will be undertaken with the Planning Committee to further strengthen the decision making process.</li> </ul>	200	20%	40
<p><b>5. Costs of Restructuring the Organisation to achieve budget savings necessary to continue to operate within our underlying level of resources.</b></p> <ul style="list-style-type: none"> <li>➤ The Council has a good record of minimising costs by using natural wastage / turnover wherever appropriate.</li> <li>➤ The Council has access to Efficiency Grant to cover such costs.</li> </ul>	2,000	25%	500
<p><b>6. A major Business Continuity Issue arises.</b></p> <ul style="list-style-type: none"> <li>➤ The Council has in place Business Continuity Plans and Insurance Arrangements which are intended to address these risks.</li> </ul>	2,000	5%	100



<ul style="list-style-type: none"> <li>➤ Previously in exceptional circumstances Central Government has provided financial support to authorities in these circumstances.</li> </ul>			
<b>Risk and Mitigation in Place</b>	<b>Gross Value of Risk £'s</b>	<b>Probability</b>	<b>Potential Impact £000's</b>
<b>7. Increased cost of Welfare Reform including Council Tax Benefit as a result of increasing costs not being fully covered by additional government grant, or from the proposed reforms to the service.</b> <ul style="list-style-type: none"> <li>➤ Budgets have been established on a prudent basis.</li> <li>➤ The Council has taken a proactive role in respect of welfare reform and should be in a good position to identify issues as soon as they emerge.</li> </ul>	500	50%	250
<b>8. An increase in employee costs associated with a national pay award or with changes in local terms and conditions.</b> <ul style="list-style-type: none"> <li>➤ The Council is of the view that its budget includes appropriate provision for any pay award or other increase in employee costs.</li> </ul>	500	20%	100
<b>Calculated Potential Financial Impact of Identified Risks</b>			<b>2,010</b>