

**APPENDIX 4**

**REVENUE RISK ASSESSMENT UPDATE FOR QUARTER 2 OF 2009/10**

<b>NO.</b>	<b>BUDGET ITEM</b>	<b>RISK</b>	<b>IMPACT</b>	<b>ACTIONS REQUIRED</b>	<b>SECOND QUARTER PROGRESS</b>
1.	Pay Awards	Settlement for 2008/09 increased at arbitration and future settlements exceed the percentage increase provided for in the budget.	Additional cost for the Council.	Prudent budget estimates and regular budget monitoring to determine overall financial position.	Pay award has now been agreed at 1%.
2.	Pay and Grading Review	The costs associated with the Pay and Grading Review appeals, equality audit and any resulting equal pay claims cannot be met from within existing resources	Additional cost for the Council.	Ensure the financial implications reports reflect all options to contain costs within acceptable budget limits and that the settlement of Equal Pay Claims are fully considered and monitored.	Appeals have been ongoing during the quarter. The equal pay audit has begun.

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3.	Fuel Costs	The increases in Gas and Electricity exceed the budget provision.	Additional cost for the Council.	Regular budget monitoring and maintenance of adequate reserves and working balance levels to deal with any major fluctuations. In addition seek to progress energy reduction schemes linked to climate change.	No significant cost increased notified to the Council. The contract for purchasing future years fuel is currently being negotiated. The recent approval of the Climate Change Strategy will seek to reduce future costs.
4.	Investment Income	Available cashflow surpluses are lower than anticipated and/or lower than expected interest rates.	Reduction in the level of income earned on investments	Monitor the average rate of interest received and changes to levels of balances. Liaise with Treasury Management Consultants to ensure the maximum potential is being realised from investment activities.	Current projections are a reduction in 2009/10 income of £105,000 against the base budget. Officers are constantly checking the rates of authorised institutions to enable the Council to obtain the best rates possible within the TM Strategy.
5.	Income from Fees and Charges	Reduction in the number of users/applications.	Shortfall in the amount of anticipated income	Regular budget monitoring, which must identify any primary reasons for reductions.	Monitoring continuing.

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6.	Pleasley Vale Mills	Loss of key tenants and/or rise in repairs and maintenance costs.	Either of these factors will have an adverse effect on the Council's budget.	Regular monitoring and liaison with the Management Company. Also need to progress options for sale of the Mills.	No changes currently impacting on this. Mills have been marketed for sale.
7.	Concessionary Fares	The financial implications of an appeal lodged by key Bus Operators are higher than anticipated.	The costs of the national scheme exceed the budget provision.	Monitor the outcome of the appeal and continue to liaise with the Department for Transport and the Local Government association regarding the cost to the Council.	The first invoices for 09/10 have been received. There have been no alterations resulting from the appeal as yet.
8.	Housing Benefits and Subsidy	An increase in the level of Benefit Overpayments,	Lower than expected levels of Subsidy Grant income.	Full Subsidy is only payable on correctly paid benefits; therefore there is a need to monitor the levels and recovery of benefit overpayments.	Continued monitoring is in place.
9.	Council Tax and NNDR Income	Failure to achieve collection rate targets.	Adverse effect on the Council's overall cashflow position and collection fund.	Monitor monthly and evaluate the effectiveness of recovery procedures compared with other Council's in Derbyshire.	Current levels of recovery are exceeding targets.

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10.	Supporting People	The Council may receive a lower than expected contribution from the central fund, administered by Derbyshire County Council.	Any shortfall between the actual costs incurred in the Supporting People scheme and the contribution received will have to be met by the Council. Charging policy may have to be reviewed.	Liaise closely with the Supporting People Team and monitor costs. Tenant consultation to take place prior to charging.	No changes currently being considered.
11.	HRA Rent Income	Higher than anticipated void property levels or right to buy sales.	Either of these options will reduce the levels of Rent Income.	Regular budget monitoring and review the procedures to manage void properties.	The arrangements for the management of voids is being reviewed and enhancements are planned.
12.	Housing Rent Arrears	Little or no improvement in the collection of arrears.	Adverse effect on the Council's overall cashflow position.	Monitor monthly and evaluate the effectiveness of recovery procedures.	Monitoring enhanced to include Former Tenants Arrears. Developments to the process will be reported to Members.

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13.	Efficiency Gains	Efficiency targets cannot be met.	If the efficiency targets are not achieved, this will require a reduction in the current working balance levels in order to maintain a balanced budget. Consistent failure to meet targets could lead to Government intervention.	Develop a Savings Strategy and monitor progress against target on a quarterly basis.	Significant progress has been made on Mobile working / Stores. The second quarter included significant staffing reports. Monthly monitoring remains in place.
14.	Vacancy Factor	Vacancy Factor cannot be met.	If the Vacancy Factor is not achieved, this will require a reduction in the current working balance levels in order to maintain a balanced budget.	Monitor progress against target on a monthly basis. If this is underachieving options include increasing the recruitment drag, introduce a moratorium on filling vacancies and review service levels.	Vacancies in 2008/09 exceeded levels used in 2009/10 budget. Continued monitoring is in place.

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15.	Investment risk	Investments not repaid on maturity due to current economic climate.	Investment and associated interest not repaid. Future year costs to account for the loss in value of the asset.	Take advice from the Council's Treasury management advisors. Reduce the counterparty maximum limit, spread investments to secure organisations, look to maximise investments with Government investment schemes and Government backed institutions.	No concerns were raised by the Treasury management advisors.