

REVENUE BUDGET 2016/17 - RISK ASSESSMENT

STRATEGY & RESOURCES COMMITTEE						
Risk	Budget (£M)	Rating	Key Risks	Action	Ref to proposed Key Priorities and Targets	Ref to Leadership Risk Register
Reducing projected net expenditure	All	High	Fail to deliver reducing projected expenditure by £3.3 million over 4 years by March 2020. Further efficiencies to be identified in 17/18	Delivery of the MTFS and the Efficiency Plan Reduce organisational costs by £556,000	Delivery of the MTFS delivering further efficiency savings and cost reductions	L1
External Funding	0 (RSG) 1.5 (New Homes Bonus)	Medium	Diminishing government grants reduced in year.	Not all New Homes Bonus committed in year Retain a minimum £1 million of New Homes Bonus to mitigate any further losses in grant funding	Delivery of the MTFS delivering further efficiency savings and cost reductions	L1

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Failure to control Salaries Costs	11.4	High	<p>Not achieving 2% vacancy margin.</p> <p>Additional costs of agency/temporary staffing.</p> <p>Service or project pressures.</p>	To deliver an agreed Organisational Development Strategy to drive culture, change, build capacity and improve performance	To deliver an agreed Organisational Development Strategy	L2&L3
Increasing potential prudential borrowing	80	High	<p>Over borrowing at incorrect rates</p> <p>Investment with poor returns</p> <p>Cost of borrowing increases</p>	<p>Borrowing to invest decisions</p> <p>Robust business cases</p> <p>Agree governance arrangements and robust reporting</p> <p>Borrow through the PWLB</p>	Delivery of the MTFS delivering further efficiency savings and cost reductions	L8

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Risk	Budget (£M)	Rating	Key Risks	Action	Ref to proposed Key Priorities and Targets	Ref to Leadership Risk Register
Increasing net revenue streams	1.2	High	Failure to achieve the required rental returns from newly acquired commercial property investments funded by borrowing	To establish a working group to evaluate the options for establishing one or more companies to acquire, hold and trade in property and ensure governance arrangements are in place.	Delivery of the MTFS delivering further efficiency savings and cost reductions	L2
Maintain secure investment of reserves and cash balance through the Treasury Management: Strategy	0.2	Low	Generate a sound return on cash Safeguard capital sums invested	Annual review of Treasury Management Strategy Use of external fund manager in accordance with treasury management policy Interest equalisation reserve Monthly review of fund performance	Delivery of the MTFS delivering further efficiency savings and cost reductions	L1

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Maintain secure investment of reserves and cash balance through the Treasury Management: Strategy				Review of market risks using treasury management advisers		
Effect of Welfare Changes	1.8	High	<p>Increased demand for benefit payments due to welfare changes</p> <p>Adverse impact on recovery of housing benefit overpayments due to transfer to Universal Credit</p> <p>Homelessness number are decreasing but have a high impact on costs</p>	<p>Monthly monitoring of benefit performance indicators</p> <p>Quarterly monitoring of subsidy position</p> <p>Increasing bad debt provision for claimant arrears</p> <p>Continue to implement projects to reduce homelessness costs</p>	Delivery of the MTFS delivering further efficiency savings and cost reductions	n/a

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Risk	Budget (£M)	Rating	Key Risks	Action	Ref to proposed Key Priorities and Targets	Ref to Leadership Risk Register
Pension funds	28.1 (Deficit as at 31 March 2017)	Med	The deficit is not addressed over the next 20 years	Pension fund deficit payments are at £818k for the next three years until 2019/20	Delivery of the MTFS delivering further efficiency savings and cost reductions	n/a
Asset Management	0.6 (exp) 1.3 (inc)	High	Operational property is not fit for purpose. No increase in the income generated from commercial property. Optimisation of property for service to residents Insufficient reserves to fund major works to council assets	Asset Management Plan Property maintenance and prioritised repairs programme Monitor tenant requirements and rent levels Reviewing the Planned Maintenance Programme and Prioritised Backlog Maintenance Programme with a need to fund works from revenue and not capital	Maximising returns from properties Increasing returns on investment properties by £50k	L8

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Risk	Budget (£M)	Rating	Key Risks	Action	Ref to proposed Key Priorities and Targets	Ref to Leadership Risk Register
Retained Business Rates	1.4	High	Valuation Officer appeals backlog Increase in Business Rates Reliefs Collection Rate Increase in tariff payable to Central Government	Prudent forecasting of rates collectable and impact of valuation appeals New monitoring and reporting arrangements Business Rates Equalisation Reserve	At least 99% of business rates to be collected	n/a
Land Charges	0.2	Med	Economy impacting on local land charge income Legal restrictions on local land charges Transfer of land charges to Central Government	Annual review of charges Monthly monitoring of income Monitor and respond to government proposals / regulation Management of claims	n/a	n/a

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Housing Benefit Subsidy	22.1	Med	<p>Reduced recovery rate on benefits paid out</p> <p>Increased demand for benefit payments due to recession</p> <p>Staff retention/ recruitment</p> <p>Welfare benefit changes</p> <p>Move to Universal Credit</p>	<p>Additional staffing resources from Corporate Project Reserve</p> <p>Monthly monitoring of benefit performance indicators</p> <p>Quarterly monitoring of subsidy position</p> <p>Recruitment and retention programme</p> <p>Increasing bad debt provision for claimant arrears</p>	Processing of new benefit claims in 22 days and change in circumstances in 11 days	n/a
Council Tax Income	5.6 (EEBC element)	Med	<p>Collection rates due to economy & changes to council tax benefits</p> <p>Cash flow</p>	<p>Billing & recovery arrangements designed to support collection targets, additional resource for local council tax support scheme</p>	98.40% of Council Tax collected	n/a

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Council Tax Income				Collection performance reported to Directors monthly. Collection Fund separately managed on behalf of precept authorities (SCC & SP)		
Failure to obtain best value in purchasing goods and services	9.0	High	Poor value for money in goods and services purchased and contracts.	New guidelines and procedures for project management, procurement and contract management. All Key Projects to be monitored by Leadership Team Introduction of e-tendering	Reviewed by Leadership Team	L2

ENVIRONMENT COMMITTEE						
Risk	Budget (£M)	Rating	Key Risks	Action	Ref to proposed Key Priorities and Targets	Ref to Leadership Risk Register
Off Street Parking Income	3.8	Med to High	Income from off streetcar parks is exposed to adverse weather and economic conditions that can have significant effect on Outturn.	Monthly monitoring and work analysing individual car park performance against target.	n/a	n/a
Domestic and Trade Waste Collection	1.7	Med to High	Income from waste recycling fees is exposed to changes in market prices and is therefore susceptible to sudden changes.	Monthly monitoring of income against target. Officers negotiate, where possible, to fix the prices and optimise income	Introducing a premium weekly waste and recycling service as standard for all residents and encouraging more household waste collection	L7
Highways	0.1	Low	Possible reductions of partner contributions due to budget cuts	Review of expenditure relating to highways agency spend to ensure full costs funded by SCC.	n/a	n/a

ENVIRONMENT COMMITTEE						
Risk	Budget (£M)	Rating	Key Risks	Action	Ref to proposed Key Priorities and Targets	Ref to Leadership Risk Register
Building Control	0.3	Med - Low	<p>Changes to economy further impacting on planning and building control income</p> <p>Private competition on Building Control Service has impacted adversely in recent years with the market is difficult to predict</p>	<p>Annual review of charges</p> <p>Monthly monitoring of income</p> <p>A review of building control is being undertaken to consider options for future provision of the service</p>	n/a	n/a
Place Development	0.4	Med-Low	<p>Single large applications can impact significantly on income. New fees and charges so volume based on estimate</p>	<p>Monthly monitoring including work analysing income against target.</p>	<p>Supporting developers to bring forward the development of town centre sites</p>	L9

COMMUNITY AND WELL BEING						
Risk	Budget (£M)	Rating	Key Risks	Action	Ref to proposed Key Priorities and Targets	Ref to Leadership Risk Register
Homelessness	£1.48	Med	Increase in number of households requiring temporary accommodation	Proactive case management to prevent households becoming homeless where possible and to minimise time spent in temporary accommodation	Provide 6 additional units of temporary accommodation At least five households accommodated through the private sector leasing scheme by March 2017 Have no more than 60 households in temporary accommodation Housing allocation policy to be fully implemented	L10

COMMUNITY AND WELL BEING						
Risk	Budget (£M)	Rating	Key Risks	Action	Ref to proposed Key Priorities and Targets	Ref to Leadership Risk Register
Homelessness	£0.5	Med	Reduced rental income following benefit changes and introduction of Universal Credit	Frequent monitoring of rent account to identify arrears promptly. Early identification of households likely to be affected by changes	As above	L10
Venues Income	0.99	Med	Not reaching budgeted level of letting income from venue	Promotion of venue hire. Close monitoring of lettings and income.	Membership of the Epsom Centre to increase to at least 120 members	L1