Risk (Potential or Actual)	**Likelihood of occurrence (L)**	**Impact (I)**	**Risk Score (L) X (I)**	**Potential consequence(s) of the risk on Financial Strategy**	**Control Actions include** (But are not limited to)
Potential Risks and Opportunities affecting 2010/11 to 2012/13					
Collection of council tax falls due to the difficult financial climate resulting in a deficit on the collection fund	3	3 0.1% reduction in council tax collection = £0.1m	9	Immediate impact on reserves Would require reductions in the cash limits for the following year to repay reserves	Close monitoring of the collection fund Implement appropriate collection strategies to minimise impact
Council tax base is lower than anticipated e.g. lower number of new properties / more student exempt properties, resulting in a deficit on the collection fund	2	3 1% reduction in council tax base = £1.1m	6	Immediate impact on reserves Would require reductions in the cash limits for the following year to repay reserves	Close monitoring of the collection fund particularly new property developments and student numbers Working with further education establishments to develop more dedicated student accommodation
Joint pay award and future pay provision in 2010/11 is more than 1%	2	3 0.25% change in pay award = £0.3m	6	Would require use of risk provision in 2010/11 and possibly lower cash limits for future years	Monitor progress on pay award arbitration
Provisions for Equal pay and future pay insufficient to meet liabilities	4	4 1% variation in total pay = £1.3m p.a.	16	Successful equal pay claims above the provision would reduce the level of reserves High levels of successful job evaluation appeals would increase the overall pay bill of the council	Maintain and update a risk register Monitor progress on a frequent basis and update financial forecasts regularly particularly in the light of any new legal rulings

Risk (Potential or Actual)	**Likelihood of occurrence (L)**	**Impact (I)**	**Risk Score (L) X (I)**	**Potential consequence(s) of the risk on Financial Strategy**	**Control Actions include** (But are not limited to)
General inflation higher than the 2% forecast	3	3 0.5% change in inflation = £0.4m	9	Would reduce resources within cash limits creating the need to find additional savings	Monitor inflation rates and impact on contract costs closely
Investment interest rates lower than anticipated	3	2 0.5% lower = £0.5m	6	Would need more reserves to cover anticipated 3 year shortfall in investment interest budget	Keep investment strategy under constant review
New borrowing as a result of reversing debt repayment (maximum £90m) has to be temporarily invested at lower investment rates	4	3 3% difference = £30k per £1m	12	Would need more reserves to cover anticipated 3 year shortfall in investment interest budget	Keep borrowing and investment strategy under constant review particularly timing and amount of new borrowing and investigating deals available to lock in rates now but borrow later
Long term borrowing rates higher than anticipated	4	3 0.5% higher = £0.05m for each £10m borrowed	12	Would increase borrowing costs budget over the long-term Would hinder business cases involving borrowing and make invest to save schemes less financially attractive	Closely monitor long term borrowing rates and future borrowing requirements to help identify the best time to borrow
Services fail to operate within cash limits due to; • Increased service demand • Price variations • Unachieved income levels • Unachieved savings	3	3 1% overspend on net GF budget = £2.2m in 2010/11	9	Departmental service pressures that can only be met through additional resources, such as the risk provision, or savings elsewhere in the budget. Reduction in reserves	Monitor corporate critical budgets and overall budget through TBM. Identify action plans to mitigate cost pressures. Apply strict cash limits but at least repay any use of reserves

Risk (Potential or Actual)	**Likelihood of occurrence (L)**	**Impact (I)**	**Risk Score (L) X (I)**	**Potential consequence(s) of the risk on Financial Strategy**	**Control Actions include** (But are not limited to)
					over no more than 3 years should risk materialise that cannot be accommodated by management or policy action.
Waste tonnages lower than projected resulting in additional landfill costs and deficit in landfill trading allowance permits	2	2 1% increase in tonnage in 2010/11 = £0.1m	4	Unable to maintain budget provision without a re-assessment of the provisions for risk in the waste reserve	Provision for higher tonnages made in assessment of waste PFI reserve Budget increased by 2.5% from 2012/13 Monitor and identify specific areas of growth and undertake waste minimisation measures
Continuing difficult financial climate has a greater than anticipated impact on collection of income and commercial rents	2	3 1% reduction in income = £1.2m 1% reduction in commercial rents = £0.1m	6	Services would need to identify compensating savings and in particular look at whether expenditure could be reduced in those income generation areas	Identify action plans to mitigate income and rent shortfalls
Instability within the housing market creates spending pressures within the homelessness budget	3	3 10% increase in homelessness budget = £0.2m	9	Would create additional pressures in the Adult Social Care & Housing cash limit to find compensating savings	Re-classify budget as corporate critical and monitor accordingly and develop financial recovery plans

Risk (Potential or Actual)	**Likelihood of occurrence (L)**	**Impact (I)**	**Risk Score (L) X (I)**	**Potential consequence(s) of the risk on Financial Strategy**	**Control Actions include** (But are not limited to)
The number of children taken into care is higher than anticipated particularly following recent national high profile cases	4	3 1% increase in looked after children budget = £0.2m	12	Would create additional pressures in the CYPT cash limit to find compensating savings	Monitor corporate critical budget through TBM and develop financial recovery plans
Increasing demand for adult social care services above projections	4	3 !% increase in adult social care budget = £0.8m	12	Would create additional pressures in the Adult Social Care & Housing, Learning Disabilities and Health led services cash limits to find compensating savings	Monitor corporate critical budget through TBM and develop financial recovery plans
The number of free bus journeys and / or the level of reimbursement to the bus operators is higher than the projection in the budget	2	3 1% of concessionary fares budget = £0.1m	6	Would require use of the risk provision	Number of journeys starting within Brighton & Hove monitored on monthly basis Brighton & Hove local scheme developed to minimise risk of future successful legal challenges
Major civil incident occurs e.g. storm	2	3 Estimated “Bellwin” threshold = £0.8m	6	Budget overspend/reduction in reserves Pressures on other budgets	Ensure adequate levels of reserves to cover threshold expenditure Ensure appropriate insurance cover is in place.
Severe winter weather places additional spending pressures	3	3 Depends on	9	Need to use reserves in one-off risk provisions	Advance planning to minimise possible disruption

Risk (Potential or Actual)	**Likelihood of occurrence (L)**	**Impact (I)**	**Risk Score (L) X (I)**	**Potential consequence(s) of the risk on Financial Strategy**	**Control Actions include** (But are not limited to)
on winter maintenance and other budgets across the council		severity of weather event and length of cold snap			
Pupil numbers lower than projected	3	3 1% of Dedicated Schools Grant = £1.3m	9	Schools funding through dedicated schools grant lower than anticipated.	Review & improve pupil number projections. Consultation with schools forum.
Cost overruns occur on schemes in the agreed capital programme	2	3 1% cost overrun on total programme = £0.7m	6	Reserves or other capital resources redirected to fund overspend Unable to meet capital investment needs	Effective cost control and expenditure monitoring. Flexibility within programme to re-profile expenditure if necessary.
Capital receipts lower than anticipated	4	3 10% reduction in receipts = £1m	12	Fewer resources available for SIF and other strategic funds	Flexible capital programme that allows plans to be reduced or re-profiled.
Further risks affecting 2011/12 onwards					
Grant floor in 2011/12 is less than the 1% assumed	4	3 1% reduction	12	Financial pressures on the national budget, in particular	Lobbying government on grant distribution and grant floor

Risk (Potential or Actual)	**Likelihood of occurrence (L)**	**Impact (I)**	**Risk Score (L) X (I)**	**Potential consequence(s) of the risk on Financial Strategy**	**Control Actions include** (But are not limited to)
decrease		in grant floor = £1.1m		addressing the budget deficit, are likely to lead to an extremely tight spending round starting in 2011/12, combined with potentially low inflation and higher efficiencies grants may see significant year-on-year decreases Reductions in cash limits or upward pressure on council tax	
Reductions in specific and area based grants in 2011/12 causing additional budget pressures	4	4 1% reduction in all specific and area based grants = £0.6m	16	Financial pressures on the national budget are likely to lead to an extremely tight spending round starting in 2011/12, combined with potentially low inflation and higher efficiencies grants may see year-on-year decreases, expenditure will need to be cut accordingly to avoid upward pressure on the council tax	Identify “at risk” grants. As far as possible ensure that “at risk” grants do not cover on-going expenditure. Respond to consultation papers and lobby government on impact. Develop strategies to identify priorities and mitigate impact of reductions
Changes in the national funding regime for concessionary fares results in net loss of resources	3	4 Concessionary fares budget = £10m	12	Reductions in cash limits or upward pressure on council tax	Lobbying for appropriate resource distribution.
Reduction in Dedicated	3	4	12	Additional pressure on schools	Respond to consultation papers

Risk (Potential or Actual)	**Likelihood of occurrence (L)**	**Impact (I)**	**Risk Score (L) X (I)**	**Potential consequence(s) of the risk on Financial Strategy**	**Control Actions include** (But are not limited to)
Schools Grant following review of existing formula		1% reduction in DSG = £1.4m		budgets	and lobby government on impact
Pension costs increase at next actuarial review to cover any deficit greater than anticipated	3	2 Each 0.1% additional employer contribution = £0.12m	6	Reductions in cash limits or upward pressure on council tax	Implement actuarial advice on contribution rate. All employment decisions include allowance for full pension costs. Maximise contributions to pension fund where affordable
Insurance premia retendering in early 2011 results in higher than anticipated payments	3	2 10% increase in premia = £0.3m	6	Provision for £0.4m increase already in projections but any further increase would result in reductions in cash limits or upward pressure on council tax	Insurance market closely monitored Continue work on risk management and implementation of risk minimisation measures across the council

KEY: Likelihood: 1 – Almost impossible, 2 – Unlikely, 3 – Possible, 4 – Likely, 5 – Almost certain.
Impact: 1 – Insignificant, 2 – Minor, 3 – Moderate, 4 – Major, 5 – Catastrophic or fantastic.
Risk (L x I): 1-3 Low, 4-7 Moderate, 8-14 Significant, 15-25 High.