

BUDGET 2012-13: FINANCIAL RISKS ANALYSIS

1 SUMMARY

- 1.1 This report summarises the outcome of a review of the financial risks related to the budget process. The report outlines the process and approach to carrying out the analysis and summarises the main risks. The financial risks will be monitored on an ongoing basis as part of budget monitoring.

2 RECOMMENDATION

- 2.1 The key financial risks are noted.

3 DETAIL

Introduction

- 3.1 The Council is facing of significant financial challenge. In developing its budget to address both restricted resources and cost and demand pressures there are a number of risks the Council needs to consider and manage. This report outlines the process and approach followed in carrying out a financial risks analysis around the budget.
- 3.2 An exercise has been undertaken for each service looking at each of the main activities/teams/business units within a service and identifying risks related to cost levels, service demands and income. The probability, service impact and financial impact of each risk have been assessed. A range of council wide risks have also been identified and assessed. Risks related to service reviews and funding have also been identified and assessed.
- 3.3 The probability and service impact is a combination of the likelihood of an event happening and the impact that it would have. Each element is scored out of 5 with a combined score up to 25. The probability and service impact scores have been categorised as low, medium and high, as follows:

Low	Score 1-5
Medium	Score 6-12
High	Score 13-25

Risks to Cost Levels

- 3.3 Costs for services are not always fixed and in line with the current economic climate are subject to fluctuation. An example of this is the uncertain inflation levels and how these affect costs. The key risks identified are only concerned with risk in relation to costs that are required to maintain the

current level of service delivery.

3.4 The top three risks for service cost levels, in terms of the likely financial impact are:

Service	Description	Probability & Service Impact	Budget Impact	Management/ Control
Adult Care	Learning Disability Increased Provider Charges	Medium - 12	£825,921	Ensure services are targeted at priority need clients. Review of client assessments and selection of appropriate provider via commissioning of service.
Adult Care	Externalisation of homecare services and the uncertainty around future provider rates	Medium - 12	£568,678	New rates will apply to all homecare hours (those that are currently provided externally and the newly provided). Appropriate tender procedure and desktop review of current provision to reduce commitment to within budget.
Roads and Amenity Services	Waste Collection – unable to introduce co-mingled collection	Low - 3	£309,795	Devote the necessary resources to complete the change in service delivery.

3.5 The top three risks for service cost levels, in terms of the probability and the impact on service are:

Service	Description	Probability & Service Impact	Budget Impact	Management/ Control
Adult Care	Learning Disability Increased Provider Charges	Medium - 12	£825,921	Ensure services are targeted at priority need clients. Review of client assessments and selection of appropriate provider via commissioning of service.
Adult Care	Externalisation of homecare	Medium - 12	£568,678	New rates will apply to all homecare

	services and the uncertainty around future provider rates			hours (those that are currently provided externally and the newly provided). Appropriate tender procedure and desktop review of current provision to reduce commitment to within budget.
Economic Development	Ferries – Increased Maintenance Costs due to the age of fleet	Medium – 12	£200,000	Monitor the cost of maintaining the fleet and if necessary prepare business cases for the procurement of replacement ferries.

3.6 The following table summarises the number of service cost level risks with their probability/service impact and budgetary impact. A more detailed analysis of the key service cost level risks is attached as Appendix 1.

Probability & Service Impact	No. of Risks	No. of Risks < £100k	No. of Risks £100k-£250k	No. of Risks £250-£500	No. of Risks > £500k	Budget Impact
Low	9	7	1	1		£777,892
Medium	25	19	3	1	2	£3,135,450
High	0					£0

Risks to Service Demand

3.7 A demand pressure is created where there is a need to expand or provide additional services to those already delivered as a result of circumstances that place more demand on a service. The key risks identified are based on history of previous demand pressures, demographic issues that create more demand and any future demand anticipated.

3.8 The top three risks to service demands, in terms of the likely financial impact are:

Service	Description	Probability & Service Impact	Budget Impact	Management/ Control
Roads and Amenity Services	Winter Maintenance – Adverse weather conditions which require greater than	High - 16	£1,196,526	Monitor weather conditions and apply gritting policy to minimise costs.

	budgeted number of gritting runs			
Adult Care	Older People Population Growth	Medium - 12	£703,982	Restrict service provision within available budget. Ensure services targeted at priority need clients. Continue to shift balance of care where average community care packages cost less than institutional.
Adult Care	Older People - Level of service demand remains at current commitment or increases due to needs becoming more complex	Medium - 12	£563,185	Restrict service provision within available budget. Ensure services targeted at priority need clients. Continue to shift balance of care where average community care packages cost less than institutional. Target funding at preventative services to reduce risk of higher dependency.

3.9 The top three risks to service demands, in terms of the probability and the impact on service are:

Service	Description	Probability & Service Impact	Budget Impact	Management/ Control
Roads and Amenity Services	Adverse weather conditions which require greater than budgeted number of gritting runs	High - 16	£1,196,526	Monitor weather conditions and apply gritting policy to minimise costs.
Roads and Amenity Services	Street Lighting - Age of lighting stock requires greater maintenance	High - 16	£82,477	Manage maintenance budgets to ensure that spend is prioritised to deal with safety defects.
Adult Care	Population	Medium –	£703,982	Restrict service

	Growth	12		provision within available budget. Ensure services targeted at priority need clients. Continue to shift balance of care where average community care packages cost less than institutional.
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- 3.10 The following table summarises the number of service demand risks with their probability/service impact and budgetary impact. A more detailed analysis of the key service demand risks is attached as Appendix 2.

Probability & Service Impact	No. of Risks	No. of Risks < £100k	No. of Risks £100k-£250k	No. of Risks £250-£500	No. of Risks > £500k	Budget Impact
Low	6	6				£103,837
Medium	24	14	8		2	£3,438,233
High	2	1			1	£1,279,003

Risks to Service Income

- 3.11 The income risks are in relation to income received for services provided. Funding risks are included within a separate section to this report.
- 3.12 The top three risks to service income, in terms of the likely financial impact are:

Service	Description	Probability & Service Impact	Budget Impact	Management/ Control
Customer and Support Services	ICT Applications - Loss of external contracts - ACHA	Low - 4	£205,000	Ongoing robust contract maintenance. Contract in place for 3 years. Not an immediate risk.
Roads and Amenity Services	Car Parking – Reduced use of car parks result in loss of income	Medium - 12	£158,562	Ensure that there is an enforcement regime in place to collect all income due.
Customer and Support Services	Housing Benefits – Private Benefit Afforded – Error Rates lead to	Low – 4	£130,662	Ensure Benefit take-up is maximised, and benefits are paid promptly whilst minimising fraud.

	penalties/with held subsidy			
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3.13 The top three risks to service income, in terms of the probability and the impact on service are:

Service	Description	Probability & Service Impact	Budget Impact	Management/ Control
Facility Services	CCJ - Loss of external contracts - Recent announcement unsuccessful joint bid with Consortia re Police Cleaning Contract.	High - 16	£39,965	Ongoing robust contract maintenance. Joint strategy with Procurement colleagues to maintain and increase.
Economic Development	Piers and Harbours - Reduced Fishing Fleet resulting in lower number of fish landings.	Medium - 12	£35,575	Monitor fish landings and ensure that all income is collected.
Roads and Amenity Services	Car Parking - Reduced use of car parks result in loss of income	Medium - 12	£158,562	Ensure that there is an enforcement regime in place to collect all income due.

3.14 The following table summarises the number of service income risks with their probability/service impact and budgetary impact. A more detailed analysis of the key service income risks is attached as Appendix 3.

Probability & Service Impact	No. of Risks	No. of Risks < £100k	No. of Risks £100k-£250k	No. of Risks £250-£500	No. of Risks > £500k	Budget Impact
Low	6	4	2			£479,008
Medium	14	13	1			£827,711
High	1	1				£39,965

Council Wide Risks

3.15 There are a number of risks that affect the income or expenditure across the whole council. The main council wide risks relate to cost levels and are noted below:

Description	Probability & Service Impact	Budget Impact
Employee Pay increase by 1%	Low – 4	£1,050,383
Employers NI rate increase by 2%	Low - 4	£2,100,765
Employers Superannuation rate increase by 1% (assume 80% in scheme)	Low - 4	£840,306
Energy costs increase by 10%	Medium - 6	£668,097
Repairs and Maintenance costs increase by 5%	Low - 4	£114,185
General Inflation – increase costs by 1%	Medium - 9	£1,462,913

- 3.16 Whilst increases in pay, NI and Superannuation would have a major impact the probability for 2012-13 is remote. There is a possible risk of energy costs increasing by a further 10% but the impact in overall terms on the Council's budget and operations would be minor. An increase in repair and maintenance costs is unlikely but more than remote, however, the impact would be minor. Given current levels of inflation there is a possible risk this will create additional pressure on the Council's budget during the year and given the overall financial impact this would have a moderate impact.

Funding Risks

- 3.17 The main funding risks relate to council tax and Scottish Government grant.
- 3.18 In relation to council tax income then no increase in council tax at band D has been assumed. No change to the council tax base or level of non payment has been made at this stage. In summary council tax income is assume at £44.8m which is the same as 2011-12. The council tax base and level of non payment are being reviewed at the end of November. In overall terms a variation of 1% in council tax income amounts to £450,000. Over the last few years council tax income has exceeded budget so the current estimate can be considered as prudent.
- 3.19 Scottish Government funding has been reviewed. The current estimate is based on the Scottish Government draft budget announcement on 21 September with an adjustment made to reflect forecast changes in distribution due to population changes and correction to the roads GAE calculation. The final allocations will be known in early December. At this stage it is felt that the adjustments made for population changes probably take into account most of the downside risks for Scottish Government funding. Once agreed the 3 year funding allocation will not change unless there has been a statistical error in the grant calculations. A reduction of 1% in Scottish Government funding would amount to £2.2m.

Service Review Risks

- 3.20 Savings options developed as part of the service review go through a two stage options appraisal process. There are four elements within the options appraisal, one of them being specifically on risk. The risk element takes account of the risks around successful implementation and also the risks around the impact and savings – impact not achieved or savings not achieved.
- 3.21 The service reviews have all been completed and reports prepared on savings proposals. Detailed implementation plans have been prepared for each service review and a risk register completed. Progress with implementation will be monitored through the relevant project boards and Transformation Programme Board.

Monitoring

- 3.22 The risks identified through this process will be reviewed and monitored as part of the budget monitoring process so that the Council is clear about potential changes to the probability or impact of these risks.

4 CONCLUSION

- 4.1 Budgets are the plans of an organisation expressed in financial terms. These are based on a range of assumptions in relation to costs, levels of activities, income, funding and implementation of service reviews. This report summaries the results of a review of the risks associated with the various assumptions underpinning the budget. There are a range of risks associated with these assumptions in terms of probability, service impact and financial impact. Some of these are important risks/assumptions that the Council will need to monitor over the 2012-13 financial year and this monitoring will be build into the budget monitoring process.

MPPLICATIONS

Policy – None

Legal – None

Human Resources - None

Financial – Summarises the financial impact of various risks associated with the Council budget.

Equal Opportunities - None

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30 November 2011

ARGYLL AND BUTE COUNCIL – FINANCIAL RISKS ANALYSIS
2012-13 BUDGET

Schedule of Key COST Risks

SERVICE	SERVICE AREA	TOTAL BUDGET £	DESCRIPTION OF RISK	RISK TO COST LEVELS			MANAGEMENT /CONTROL
				PROBABILITY AND SERVICE IMPACT	IMPACT	BUDGET IMPACT £	
Children and Families	Looked After Children - Residential Placements	1,205,029	Increased level of support/ placement cost	9	8.00%	96,402	Commissioning Team; Regular reviews to minimise duration of placement, Maximise existing resources
Children and Families	Looked After Children - Throughcare	262,038	Increased level of support/ placement cost/duration of support	6	18.00%	47,167	Commissioning Team; Regular reviews; Prompt transition to Benefits. Active Policy/Strategic aim to develop/enhance Throughcare offset by corresponding savings within Residential
Children and Families	Pre-Five Units	1,106,839	Failure of pre-five partner providers	6	5.00%	55,342	Annual financial appraisal; Support network; Short-term cash injections;
Children and Families	Child Protection - Standby Service	27,414	Withdrawal of other LA's/ cessation of standby service	9	100.00%	27,414	Review standby provision
Adult Care	Central/Management Costs	34,931	Increased cost of Standby Service if further authorities pull out of the West of Scotland Social Work standby service	9	62.00%	21,657	Consider alternative methods of delivery.
Adult Care	Older People	8,487,738	Externalisation of homecare services and the uncertainty around future provider rates	12	6.70%	568,678	New rates will apply to all homecare hours (those that are currently provided externally and the newly provided). Appropriate tender procedure and desktop review of current provision to reduce commitment to within budget.
Adult Care	Older People	8,293,719	COSLA Agreement - National Care Home Contract	9	0.85%	70,497	Contribute to COSLA consultation prior to national discussions with providers. Restrict commitment back in line with budget.
Adult Care	Learning Disabilities	9,548,215	Increased Provider Charges	12	8.65%	825,921	Ensure services are targeted at priority need clients. Review of client assessments and selection of appropriate provider via commissioning of service.
Adult Care	Mental Health	1,451,753	Provider Charges	12	13.50%	195,987	Ensure services are targeted at priority need clients. Review of client assessments and selection of appropriate provider via commissioning of service.

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Schedule of Key Cost Risks

SERVICE	SERVICE AREA	TOTAL BUDGET £	DESCRIPTION OF RISK	RISK TO COST LEVELS			MANAGEMENT /CONTROL
				PROBABILITY AND SERVICE IMPACT	IMPACT	BUDGET IMPACT £	
Education	Schools - Teacher Numbers		National directive to maintain teachers numbers may result in staff being retained over and above budgeted entitlement	12	2.00%	0	Staffing Standard - Mitigated by additional settlement monies
Education	ASN - Residential Placements	No relationship with budget	Imposed costs /Childrens Panel decisions	9	5.00%	100,000	Liaison with SW colleagues, Dialogue with Childrens Panel
Education	Implementation of Curriculum for Excellence	No relationship with budget	Potential additional resource/ equipment expenditure to meet requirement of CFE	9	20.00%	250,000	
Community and Culture	Improved Access to Affordable Housing - Housing Support	983,213	Increased cost from external providers of housing support	9	2.00%	19,664	Ensure appropriate commissioning of service and targeting of resource to areas of greatest need
Community and Culture	Improved Access to Affordable Housing - Temporary Accommodation	1,023,551	Higher cost of temporary accommodation - increased rental prices and bed & breakfast costs with clients remaining in tenancies for a longer time period until permanent residences are secured	9	1.00%	10,236	B&B contracts are in place as block purchase of allocation. Work with housing associations and landlords to negotiate rent levels
Customer and Support Services	Central Costs - Postages	122,048	Increased Supplier Charge	8	10.00%	12,205	Encourage more use of TNT, consolidated mailings & move to online services.
Customer and Support Services	Debt Recovery	132,350	Debt becomes more difficult to pursue	12	5.00%	6,618	Robust monitoring of arrangements with debt collection agency.
Facility Services	Property - Shared Offices Expenditure	1,663,840	Cross service re utilities/CRA increase in supplier/contractor charges	6	5.00%	83,192	Joint strategy with Procurement colleagues to reduce potential impact.
Facility Services	Property - Shared Depots	464,749	Cross service re utilities/CRA increase in supplier/contractor charges	6	5.00%	23,237	Joint strategy with Procurement colleagues to reduce potential impact.
Facility Services	NDC-unapportioned overheads surplus properties	313,712	Ongoing market difficulties lead to increased numbers of surplus properties.	6	5.00%	15,686	Asset management strategy.
Facility Services	CCI - Catering purchases	1,165,069	Increased Supplier charges	9	5.00%	58,253	Joint strategy with Procurement colleagues to reduce potential impact. Control food wastage/portion controls.
Facility Services	Pupil Transport	6,165,745	Increased Provider Charges	8	5.00%	308,287	Joint strategy with Procurement colleagues to reduce potential impact.
Facility Services	Public Transport	986,729	Increased Provider Charges	8	5.00%	49,336	Joint strategy with Procurement colleagues to reduce potential impact.
Facility Services	SPT - Requisition	606,316	Increased contributions requested	4	10.00%	60,632	Outwith direct management control.

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Schedule of Key Cost Risks

SERVICE	SERVICE AREA	TOTAL BUDGET £	DESCRIPTION OF RISK	RISK TO COST LEVELS			MANAGEMENT /CONTROL
				PROBABILITY AND SERVICE IMPACT	IMPACT	BUDGET IMPACT £	
Facility Services	SPT - Concessionary Fares	148,450	Increased contributions requested	4	10.00%	14,845	Outwith direct management control.
Facility Services	Rural Transport Grants	298,357	Increased contributions requested	8	20.00%	59,671	Robust implementation of service review strategy re cost per passenger & utilisation.
Customer Services	NPDO	12,609,459	Increased contractual costs i.e. Change in law	2	1.00%	126,095	Ongoing contract monitoring - evaluation of contract change and mitigation through financial forecasting and existing budget.
Customer Services	NPDO	12,609,459	Increase in insurance costs	2	0.25%	31,524	Monitoring of insurance arrangements - the risk sharing mechanism in the contract and mitigation through financial forecasting and existing budget.
Customer Services	NPDO	12,609,459	Increase in utility costs	3	0.75%	94,571	Inputting into energy management strategy and monitoring SPV management of utilities and mitigation through financial forecasting and existing budget.
Customer Services	NPDO	12,609,459	Increase in NDR	4	0.25%	31,524	Monitor 10 yearly increase in NDR and yearly increase in poundage rates and mitigation through financial forecasting and existing budget.
Customer Services	NPDO	12,609,459	Increase in RPI	3	0.50%	63,047	Monitoring annual alteration to contract RPI rate and mitigation through financial forecasting and existing budget.
Economic Development	Airfields and Air Services	No relationship with budget	Increased fuel costs on PSO flights being passed on to the Council	9	15.00%	30,000	Scrutinise all claims for increased costs to ensure that they are in accordance with the contract.
Economic Development	Ferries	No relationship with budget	Increased maintenance costs due to the age of the fleet.	12	15.00%	200,000	Monitor the cost of maintaining the fleet and if necessary prepare business cases for the procurement of replacement ferries.
Roads and Amenity Services	Waste Collection	2,065,301	Unable to introduce co-mingled collections due to an unsatisfactory outcome of negotiations with Shanks.	3	15.00%	309,795	Devote the necessary resources to complete the variation process and the introduce change to service delivery
Roads and Amenity Services	Waste Management PPP	5,732,497	Unable to satisfactorily negotiate changes to the contract	3	0.80%	45,860	Devote the necessary resources to the negotiations to achieve the desired outcome.

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Schedule of Key DEMAND Risks

SERVICE	SERVICE AREA	TOTAL BUDGET £	DESCRIPTION OF RISK	RISKS TO SERVICE DEMAND			MANAGEMENT /CONTROL
				PROBABILITY AND SERVICE IMPACT	IMPACT	BUDGET IMPACT £	
Children and Families	Looked After Children - Residential Placements	1,205,029	Increase to client base	12	16.00%	192,805	Maximise council facilities/ resources in first instance
Children and Families	Looked After Children - Throughcare	262,038	Increase to client base	9	18.00%	47,167	Children's Resource Panel; Prompt transition to Benefits
Children and Families	Looked After Children - Fostering	952,735	Increase to client base	12	10.00%	95,274	Active Policy/Service Priority to enhance activity
Children and Families	Looked After Children - Adoption	136,898	Increased number of contested adoptions	8	11.00%	15,059	Active Policy/Service Priority to enhance activity
Children and Families	Children Affected by a Disability	612,578	Increased demand	9	10.00%	61,258	Children's Resource Panel
Children and Families	Pre-Five Units	2,267,325	Increase in pupil numbers	6	3.00%	68,020	Maximise current staff base
Adult Care	Older People	28,159,267	Population Growth	12	2.50%	703,982	Restrict service provision within available budget. Ensure services targeted at priority need clients. Continue to shift balance of care where average community care packages cost less than institutional.
Adult Care	Older People	28,159,268	Level of service demand remains at current commitment or increases due to needs becoming more complex	12	2.00%	563,185	Restrict service provision within available budget. Ensure services targeted at priority need clients. Continue to shift balance of care where average community care packages cost less than institutional. Target funding at preventative services to reduce risk of higher dependency.
Adult Care	Learning Disabilities	9,548,215	Transition cases	12	2.30%	219,609	Restrict service provision within available budget. Ensure services targeted at priority need clients. Better flow of information in relation to children who are due to transition to adult services
Adult Care	Learning Disabilities	9,548,215	Level of service demand remains at current commitment or increases due to needs becoming more complex	9	2.30%	219,609	Restrict service provision within available budget. Ensure services targeted at priority need clients.
Adult Care	Mental Health	1,451,753	Level of service demand remains at current commitment or increases due to needs becoming more complex	12	12.65%	183,647	Restrict service provision within available budget. Ensure services targeted at priority need clients.
Education	Schools - Teacher Cover	No relationship with budget	Increased Absence Rate resulting in increased cover requirement	12	20.00%	100,000	Absence Management Protocols

ARGYLL AND BUTE COUNCIL – FINANCIAL RISKS ANALYSIS
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Schedule of Key DEMAND Risks

SERVICE	SERVICE AREA	TOTAL BUDGET £	DESCRIPTION OF RISK	RISKS TO SERVICE DEMAND			MANAGEMENT /CONTROL
				PROBABILITY AND SERVICE IMPACT	IMPACT	BUDGET IMPACT £	
Education	Schools - ASN Assistants	No relationship with budget	Client Base increasing	9	5.00%	115,000	Priority Need Framework, Active Management of Distribution/allocations
Education	ASN Residential Placements	No relationship with budget	Client Base increasing	9	5.00%	100,000	Liaison with SW colleagues. Active Management of existing client base
Community and Culture	Improved Access to Affordable Housing - Temporary Accommodation	1,023,551	Changes to Priority Need - all unintentionally homeless people will be classed as priority need and entitled to permanent accommodation. They must be temporarily accommodated by council until then.	9	1.00%	10,236	Provision of information and advice services to minimise number of applicants proceeding to full homeless application.
Customer and Support Services	Customer Services Centre	862,235	Ongoing transfer of services to the CSC with insufficient budget transfer.	6	5.00%	43,112	Protocols to be agreed re budget/service transfers.
Customer and Support Services	Non-Domestic Rates Relief	102,918	Risk of demand changing due to legislative changes outwith our control or new charitable businesses.	4	5.00%	5,146	Protocols to be agreed re budget/service transfers.
Facility Services	Property - Shared Depots	No relationship with budget	Ongoing security requirements at Blackhill Depot, Helensburgh.	12	50.00%	50,000	Liaison with Development & Infrastructure colleagues to agree security requirements. Note impact of this risk ultimately rests with Development & Infrastructure.
Facility Services	School meals uptake	2,765,016	Reduction in numbers paying for School Meals due to current economic climate.	9	5.00%	138,251	Joint marketing strategy with Community Services colleagues to maintain and increase uptake. Note impact of this risk ultimately rests with Community Services.
Facility Services	Pupil Transport	6,165,745	Increase in special needs transport numbers	9	1.00%	61,657	Joint transport strategy with Education colleagues to ensure service provided in the most efficient manner.
Governance and Law	Litigation	185,547	Increased legal challenge re staffing issues as a result of service redesign.	2	5.00%	9,277	Ensure procedures applied consistently
Governance and Law	Legal Services	500,105	Failure to minimise Council wide use of external legal advice.	2	5.00%	25,005	Ensure legal services are gateway to access all legal advice.
Governance and Law	Elections	33,660	More than 1 by-election required outwith standard election cycle.	3	100.00%	33,660	Outwith direct management control.

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Schedule of Key DEMAND Risks

SERVICE	SERVICE AREA	TOTAL BUDGET £	DESCRIPTION OF RISK	RISKS TO SERVICE DEMAND			MANAGEMENT /CONTROL
				PROBABILITY AND SERVICE IMPACT	IMPACT	BUDGET IMPACT £	
Governance and Law	Children's Panel	53,742	Increased number of referrals.	4	20.00%	10,748	Liaise with Community Services colleagues to maximise council facilities/ resources in first instance.
Governance and Law	Central Governance	257,608	Increased number of meetings	6	10.00%	25,761	Liaise with members to maximise council facilities/ resources in first instance.
Governance and Law	Area Governance	267,488	Increased number of meetings	6	10.00%	26,749	Liaise with members to maximise council facilities/ resources in first instance.
Planning and Regulatory Services	Planning and Building Standards	1,819,048	Increase in numbers of Planning and Building Warrant Applications	9	5.50%	100,048	Monitor number of applications received
Planning and Regulatory Services	Animal Health	No relationship with budget	Carrying out Livestock Seizure to protect welfare of the animals	3	25.00%	20,000	Monitor activity and seek to recover costs from the disposal of the animals.
Planning and Regulatory Services	Building Standards	No relationship with budget	Dangerous Building Enforcement	9	25.00%	100,000	Monitor activity and seek to recover costs from the owner
Roads and Amenity Services	Winter Maintenance	1,196,526	Adverse weather conditions which require greater than budgeted number of gritting runs	16	100.00%	1,196,526	Monitor weather conditions and apply gritting policy to minimise costs.
Roads and Amenity Services	Roads Maintenance	5,994,167	Adverse weather conditions result in deterioration of the road network necessitating greater spend on repair of defects.	9	3.30%	197,808	Manage maintenance budgets to ensure that spend is prioritised to deal with safety defects.
Roads and Amenity Services	Street Lighting	970,319	Age of lighting stock requires greater maintenance as health and safety becomes a consideration.	16	8.50%	82,477	Manage maintenance budgets to ensure that spend is prioritised to deal with safety defects.

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Schedule of Key INCOME Risks

SERVICE	SERVICE AREA	TOTAL BUDGET £	DESCRIPTION OF RISK	RISKS TO SERVICE INCOME			MANAGEMENT /CONTROL
				PROBABILITY AND SERVICE IMPACT	IMPACT	BUDGET IMPACT £	
Adult Care	Older People	1,040,635	Changes in self funded clients receiving residential care	12	9.50%	98,860	Management have no control over financial circumstances of clients receiving care.
Adult Care	Older People	310,517	Leaving due to charges for service	9	23.00%	71,419	Where services are external ensure that the costs cease. For internal services ensure clients benefits are maximised and appropriate financial assessments are completed when service originally commences.
Adult Care	Learning Disabilities	365,243	Leaving due to charges for service and changes to level of benefits being received	9	15.25%	55,700	Where services are external ensure that the costs cease. For internal services ensure clients benefits are maximised and appropriate financial assessments are completed when service originally commences.
Adult Care	Mental Health	120,217	Leaving due to charges for service and changes to level of benefits being received	9	22.00%	26,448	Where services are external ensure that the costs cease. For internal services ensure clients benefits are maximised and appropriate financial assessments are completed when service originally commences.
Community and Culture	Improved Access to Affordable Housing - Temporary Accommodation	518,071	Introduction of universal benefits from 1 April 2012 will have an impact on the level of benefits recovered for temporarily accommodated individuals.	9	15.00%	77,711	Provision of information and advice services to minimise number of applicants proceeding to full homeless application, including ensuring that they are in receipt of full benefit entitlement.
Community and Culture	Sport and Physical Activity - Leisure Facilities	1,117,066	Reduced take-up of services offered in leisure facilities	9	4.00%	44,683	Service is currently reviewing cafeteria services within its establishments
Customer and Support Services	Central Costs - Postages	270,529	Loss of external income/continuation of use of external service rather than utilising internal services.	2	2.50%	6,763	Ongoing robust print contract maintenance. Develop & implement print strategy.
Customer and Support Services	Housing Benefits - Private Benefit afforded	21,420,000	Error rates lead to penalties/withheld subsidy.	4	0.61%	130,662	Ensure Benefit take-up is maximised, and benefits are paid promptly whilst minimising fraud
Customer and Support Services	Benefits Administration	1,110,386	Ongoing Benefits legislation changes with a resultant reduction in administration grant. In advance of Universal Credit changes.	12	5.00%	55,519	Flagged as a cost pressure within service review. Ongoing input to Universal Credit discussions/consultation.

ARGYLL AND BUTE COUNCIL – FINANCIAL RISKS ANALYSIS
2012-13 BUDGET

Schedule of Key INCOME Risks

SERVICE	SERVICE AREA	TOTAL BUDGET £	RISKS TO SERVICE INCOME				MANAGEMENT /CONTROL
			DESCRIPTION OF RISK	PROBABILITY AND SERVICE IMPACT	IMPACT	BUDGET IMPACT £	
Customer and Support Services	ICT Applications	205,000	Loss of external contracts - ACHA	4	100.00%	205,000	Ongoing robust contract maintenance. Contract in place for 3 years. Not an immediate risk.
Facility Services	Property - Shared Offices Income	253,829	Loss of External Rental Income ACHA	9	20.00%	50,766	Liaison with ACHA to agree requirements - link with ongoing review of Council property requirements
Facility Services	CCI External Contracts	53,286	Loss of external contracts - Recent announcement unsuccessful joint bid with Consortia re Police Cleaning Contract.	16	75.00%	39,965	Ongoing robust contract maintenance. Joint strategy with Procurement colleagues to maintain and increase.
Facility Services	Pupil Transport	6,165,745	Carers refuse to pay for privilege transport.	6	0.12%	7,399	Robust response to refusals with removal of service.
Governance and Law	Licensing Income	238,585	Reduced number of applicants	9	20.00%	47,717	Robust monitoring of trends.
Economic Development	Piers and Harbours	142,299	Reduced fishing fleet resulting in lower number of fish landings.	12	25.00%	35,575	Monitor fish landings and ensure that all income is collected.
Economic Development	Piers and Harbours	3,858,241	Changes to ferry services resulting in reduced passenger income	3	1.50%	57,874	Ensure that ferry operators are charged for the correct number of passengers
Economic Development	Airfields and Air Services	25,604	Reduced number of aircraft using the airports	6	25.00%	6,401	Monitor usage and market the facilities
Planning and Regulatory Services	Planning and Building Standards	1,819,048	Increase in numbers of Planning and Building Warrant Applications	6	5.00%	90,952	Monitor number of applications received and adjust staffing to deal with the increase
Planning and Regulatory Services	Planning and Building Standards	1,819,048	Decrease in numbers of Planning and Building Warrant Applications	3	2.70%	49,114	Monitor number of applications received and adjust staffing to deal with the increase
Roads and Amenity Services	Car Parking	1,057,077	Reduced use of car parks result in loss of income	12	15.00%	158,562	Ensure that there is an enforcement regime in place to collect all income due.
Roads and Amenity Services	Cemeteries	822,086	Reduced number of burials	3	3.60%	29,595	Monitor number of burials