

Provisions, Reserves and Balances / Major Risk Areas

| Summary of Reserves and Balances | | £ |
|----------------------------------------------------------|--|------------|
| Total Projected Reserves and Balances at 1 April 2015 | | 13,698,136 |
| Less specific Commitments not available | | -5,216,437 |
| Less specific Earmarked Service Balances identified | | -388,540 |
| Less Net Financial Impact of Risks identified- see below | | -4,052,941 |
| Less Surplus Balances within the Education ring-fence | | -370,497 |
| Balance available for Medium Term Financial Strategy | | 3,669,720 |
| General/Special Fund Balances | | -3,655,449 |
| Specific Earmarked Balances (after risks deducted) | | -14,271 |
| Balance Available for Strategy | | -3,669,720 |

| | |
|-----|------|
| H | 1.00 |
| L | 0.10 |
| L/M | 0.20 |
| M | 0.50 |
| M/H | 0.75 |

0

| | 1 April 2012 | Estimated Use 2012/2013 | 1 April 2013 | Estimated Use 2013/14 | 1 April 2014 | Estimated Use 2014/15 | 1 April 2015 |
|---------------------------------------------------|-----------------------|-------------------------|-----------------------|-----------------------|----------------------|-----------------------|----------------------|
| Total Reserves and Balances | -40,080,313.64 | 19,114,530.63 | -20,965,783.01 | 5,242,283.58 | -15,723,499.43 | 2,025,363.50 | -13,698,135.93 |
| Less Specific Commitments / External Funds | -18,014,482.39 | 8,114,059.27 | -9,900,423.12 | 3,251,987.60 | -6,648,435.52 | 1,431,998.51 | -5,216,437.01 |
| Balance Remaining | -22,065,831.25 | 11,000,471.36 | -11,065,359.89 | 1,990,295.98 | -9,075,063.91 | 593,364.99 | -8,481,698.92 |

Major Risk Areas

| Area of Risk | Description | Link to Key Strategic Risks | Estimated Exposure £ | Risk Level - H, M, L | FACTOR | Mitigation | Financial Impact of Mitigation £ | Net Exposure £ |
|---------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-------------------------|----------------------|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------------|
| Winter Maintenance/Flooding | Based on previous years costs of gritting key principle routes and bus routes and incidence of flooding. Risk of not being able to react to adverse weather conditions | 1 | 200,000 | M/H | 0.75 | Additional funds included in base budget in 13/14; budget contingency | -150,000 | 0 |
| Hosting Contract | If de-minimus on highways work not reached T&W in danger of losing discount included in the contract. As LTP reduces the risk is higher. | 1 | 50,000 | L | 0.10 | capital programme | -5,000 | 0 |
| Waste Contract | Risk that procurement process is delayed/new contract is not implemented on time | 1 | 800,000 | M | 0.50 | One off funds included in 14/15 budget as contingency for any delays | -400,000 | 0 |
| ERDF Project - possibly railfreight and AWM grant - outputs not being met | Risk of clawback on Council-led elements of the project; risk on £22m grant @ 10% = £2.2m. | 1 | 2,200,000 | L | 0.10 | Investment in programme management team carrying out rigorous control/review; use of prudential borrowing to fund and meet cost of servicing from revenue contingency, maximum exposure £40 k p.a. | -220,000 | 0 |
| Insurance Stop Loss (Education) | Education insurance excess £0.250m. Per incident, risk of more than one major fire plus theft and vandalism | 1 | 500,000 | H | 1.00 | | | 500,000 |
| Loan from School Balances | Risk of loan being recalled sooner than budgeted repayment | 1 | 600,000 | L | 0.10 | is low the correct risk level with schools transferring to academies? | | 60,000 |
| Building Schools for the Future | Risk of not being able to deliver all elements of the Building Schools for the Future Programme | 1, 5 | 4,000,000 | L/M | 0.20 | BSF programme under continual review and close monitoring is undertaken to manage spend within resources available | -800,000 | 0 |
| Emergency Planning/ Health & Safety | Risk of a major disaster/health and safety incident occurring and having to meet immediate costs of incidents such as major flooding, land stability and other emergencies | 1, 5, 6 | 2,000,000 | L/M | 0.20 | Capital programme resources, land stability investment in the Gorge plus contingency | -400,000 | 0 |
| Children in Care / Safeguarding | highly volatile area of care provision; risk based on historic information and costs (2012/13 monitoring shows a projected overspend on £2.6m). | 1, 2, 3, 5 | 2,600,000 | M/H | 0.75 | Revenue budget increased in 2013/14 .Action plan in place focussing on Early Intervention ; use of revenue budget contingency | -1,950,000 | 0 |

| Area of Risk | Description | Link to Key Strategic Risks | Estimated Exposure £ | Risk Level - H, M, L | FACTOR | Mitigation | Financial Impact of Mitigation £ | Net Exposure £ |
|--------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-------------------------|----------------------|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------------|
| Bad Debts provision | | 1 | 2,742,941 | H | 1.00 | based on formulae | | 2,742,941 |
| Treasury Management | Risk of volatile interest rates; £47m investment at 1% and £113m borrowing | 1, 6 | 1,600,000 | M/H | 0.75 | strategy to reduce borrowing by using maturing investments; general fund balances and contingency; monitoring credit ratings and counterparty exposure; govt. backing for key banks; advice from Treasury Advisors; current economic climate of flat interest rates | -1,200,000 | 0 |
| Buildings | Immediate response needed to urgent repairs and maintenance issues in council owned buildings and major equipment | 1, 7 | 300,000 | M | 0.50 | comprehensive rolling programme of maintenance to tackle back-log; in line with AMP and capital programme; rationalisation of office accommodation | -150,000 | 0 |
| Income | Failure of major facility due to investment needs, leading to closure and loss of income - risk of not meeting income targets in year, including PIP income, Leisure income, Car Parking, Markets - based on 1% variance from budget | 1, 4, 5, 6, 8 | 1,100,000 | H | 1.00 | Close monitoring giving early indication of issues and corresponding action plans to address/switch budget. This together with the AMP investment programme, use of service balances and the corporate contingency would act as mitigation. | -1,100,000 | 0 |
| Insurance | Self Insurance Fund to meet potential costs arising from: increased premiums, public liability excesses, environmental warranties, property excesses, any residual costs relating to pre SCC disaggregation; MMI liability | 1 | 1,000,000 | M/H | 0.75 | Insurance policies and provisions for any residual financial exposure | | 750,000 |
| Data Security | Abuse of sensitive data/breaking confidentiality / failure to manage public information / IT information security and confidentiality | 1, 3, 6, 7 | 100,000 | M | 0.50 | Corporate Contingency | -50,000 | 0 |
| Partnership Working | Deterioration in partnership working impacts on the Council's ability to delivery outcomes | 5 | | L | 0.10 | Working through LSP and cooperative council approach | | 0 |
| Business Continuity/Systems Failure/Supplier Issues/Partner issues | Failure to have in place a robust corporate business continuity plan and related operational procedures. Including major systems failure damaging the ability to provide essential duties and the risk of a major supplier defaulting on a contract and failing to perform. | 1, 3, 6, 7 | 1,000,000 | L/M | 0.20 | Corporate Business Continuity Plan; new infrastructure and use of corporate contingency together with the capital programme | -200,000 | 0 |
| Potential Litigation | Risk of litigation with financial consequences | 1, 8 | 200,000 | M | 0.50 | Effective inhouse/external legal advisors; negotiation; contingency | -100,000 | 0 |
| Insufficient resources | Insufficient capacity to deal with increased workloads and significant public sector funding cuts - this is an overarching risk addressed by the Service & Financial Planning Strategy | 1 | | M | 0.50 | Budget contingency available; continuous review of capital programme; service review programme; close monitoring of specific and other grant funding | | 0 |
| Social Care (Adults & Childrens) | Death or serious harm of a vulnerable child or vulnerable adult (breach of duty of care) | 2 | | L | 0.10 | Effective management controls and insurance policies and provision and service prioritising process for budget pressures. | | 0 |
| Total Identified Risks | | | 20,992,941 | | | | | 4,052,941 |
| Balance Remaining after setting aside for Risks | | | | | | | | -4,428,758 |
| Less Specific Earmarked balances | | | | | | | | 388,540 |
| Less residual balances within the Education Ring fence | | | | | | | | 370,497 |
| Balance Remaining for Medium Term Budget | | | | | | | | -3,669,720 |