



Cabinet Meeting

23 July 2014

Report title	Housing revenue account business plan update quarter one 2014/15	
Decision designation	RED	
Cabinet member with lead responsibility	Councillor Peter Bilson Economic Regeneration and Prosperity	
Key decision	No	
In forward plan	Yes	
Wards affected	All	
Accountable director	Tim Johnson, Education and Enterprise	
Originating service	Delivery	
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Report to be/has been considered by	None	

Recommendation(s) for action or decision:

That Council be recommended to:

Adopt the business plan set out at appendix A as the approved Housing Revenue Account (HRA) business plan, including the capital programme for 2014/15 to 2018/19 set out in the plan.

Recommendations for noting:

That Council is asked to note:

1. The outturn against the 2013/14 revenue budget was a surplus before allocations of £14.5 million compared to a budgeted surplus of £10.6 million, and total capital expenditure for the year was £43.1 million.
2. The forecast outturn against the 2014/15 revenue budget is a surplus before allocations of £11.9 million compared to a budgeted surplus of £11.9 million.

1.0 Purpose

- 1.1 This report presents an updated Housing Revenue Account (HRA) business plan for approval by full Council, which has been revised to reflect information received and changes in assumptions since the last update (22 January 2014).

2.0 Executive Summary

- 2.1 The HRA continues to be forecast to have sufficient resources to fund the £1.9 billion of capital works that will be required to its houses over the next 30 years, as well as meeting its management and maintenance obligations over the same period. Further details of the updated business plan can be found at Appendices A1-A5.
- 2.2 Appendix A2 presents the forecast debt curve alongside forecast capital expenditure graphically. Where the debt curve rises steeply, for example in 2015/16, this reflects a step up in capital expenditure for the year compared to the previous year, reflecting a number of components coming to the end of their intended lives and needing to be replaced.
- 2.3 Detailed capital budgets are provided at Appendix A5. The only significant changes to capital budgets since the most recent update to Cabinet are the inclusion of the planned expenditure for 2018/19, the inclusion of a budget of £1.5 million for new build infill schemes as well as the inclusion of several new Homes and Communities Agency (HCA) backed schemes which required virements from the new build budget, the largest of which was a virement of £1.9 million to fund the mortgage rescue scheme. There has also been an additional grant made by the HCA of £895,000 to fund a further 100 backlog dwellings being made decent. It should be noted that the council is no longer planning on carrying out the Empty Property Funded right to buy buy-back and grant and loan fund schemes which had previously been approved, due to the housing market uplift which reduced the opportunities to deliver these schemes within the grant deadlines and conditions.
- 2.4 The revenue outturn for 2013/14 was a surplus (before allocations to reserves and redemption of debt) of £14.5 million compared to a budgeted surplus of £10.6 million. This was primarily due to the council's treasury management strategy of using cash balances rather than taking on additional external borrowing wherever possible, which generated a saving of £2.7 million. There was also a saving of £1.1 million on the net cost of services. This was primarily due to bad debts being lower than had been forecast generating a saving on budget of £700,000 and costs being lower for repairs and maintenance than had been forecast by £400,000. This is after a revision to the recharge mechanism between the HRA and the general fund leading to the recharge to the HRA being some £600,000 more than had been originally budgeted for.
- 2.5 Total capital expenditure for 2013/14 was £43.1 million, £32.2 million less than the £75.3 million budgeted. This was primarily due to the strategic construction partnership not coming on stream as quickly as had been anticipated and a re-profiling of works which has moved significant amounts of planned expenditure into the current financial year. A detailed breakdown of capital expenditure for 2013/14 is included alongside the forecasts in Appendix A5.

- 2.6 The forecast revenue outturn for 2014/15 is a surplus before allocations of £13.9 million which is on budget. Further details of the forecast revenue outturn are provided at Appendix B2.
- 2.7 Appendix C provides a detailed analysis of the risks associated with the HRA Budget and Capital Programme, along with details of the risk control measures that are in place in order to manage and mitigate the risks as far as possible. The overall risk associated with the budget continues to be quantified as Amber.

4.0 Financial implications

- 4.1 The financial implications are discussed in the body of the report.
[CF/11072014/S]

5.0 Legal implications

- 5.1 Part VI of the Local Government and Housing Act 1989 (as amended by the Leasehold Reform Housing and Urban Development Act 1993, the Housing Act 1996 and the Local Government Act 2003) set up the financial regime for local authority housing.
- 5.2 The system requires the ring-fencing of the HRA and introduced a government subsidy scheme and controls on local authority borrowing to meet capital expenditure.
- 5.3 This report embodies those requirements.
[RB/10072014/RLB]

6.0 Equalities implications

- 6.1 An initial screening undertaken on this HRA Plan shows there are no equality implications and that a full analysis is not needed.

7.0 Environmental implications

- 7.1 This report has no environmental implications.

8.0 Human resources implications

- 8.1 This report has no human resources implications.

9.0 Corporate landlord implications

- 9.1 This report has no corporate landlord implications.

10.0 Schedule of background papers

- HRA Manual (DCLG)
- Guide to Social Rent Reforms in the Local Authority Sector (DCLG)

- Housing Revenue Account Business Plan (including 2014/15 budget rents and service charges), report to Cabinet 22 January 2014.

11.0 Schedule of Appendices

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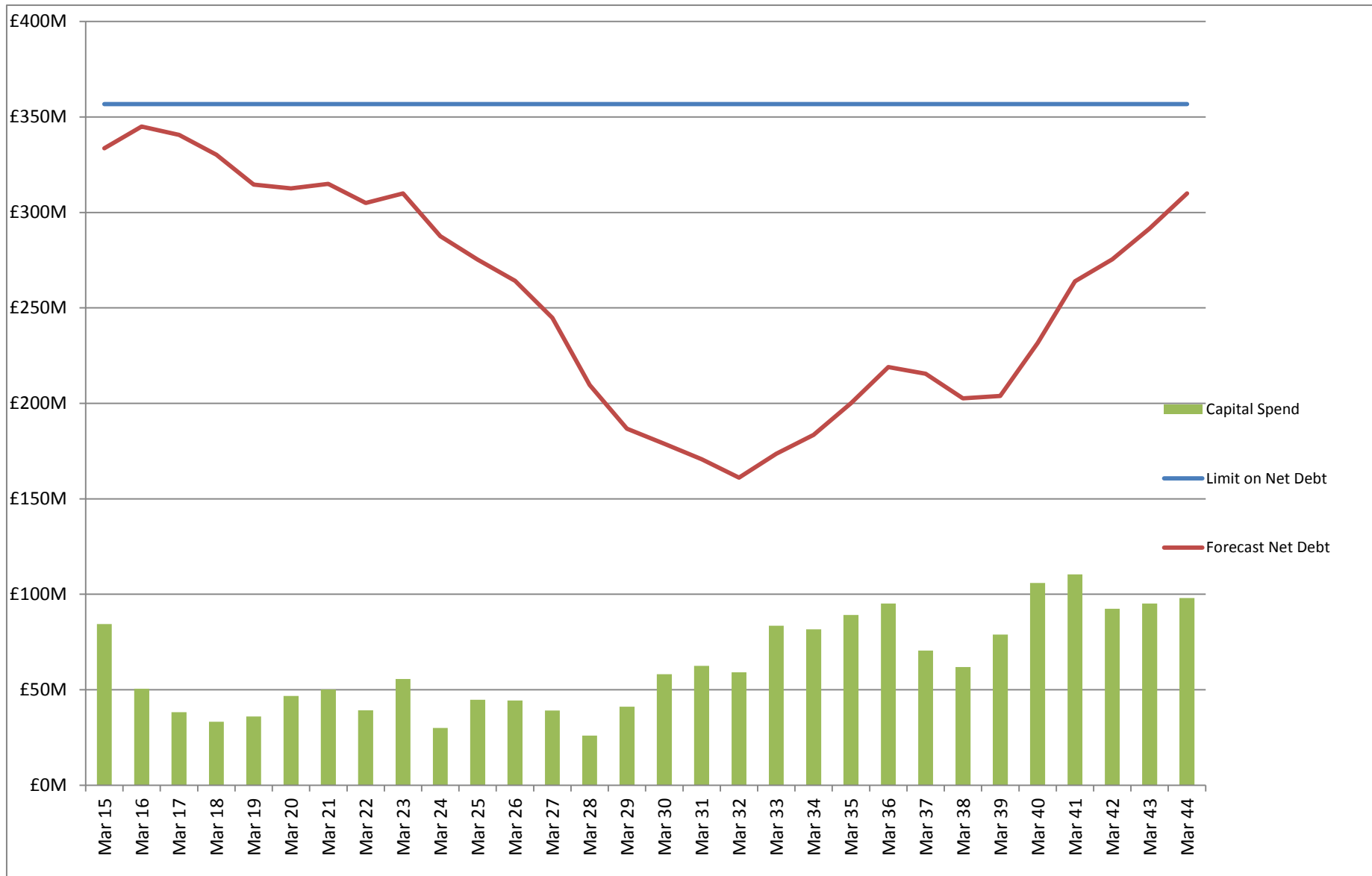
Appendix A1

30 year business plan 2014/15 to 2043/44

REVENUE ACCOUNT	Years	Years	Years	Years	Years	Years
	1 - 5	6 - 10	11 - 15	16 - 20	21 - 25	26 - 30
	£000	£000	£000	£000	£000	£000
Income						
Dwelling rents	(481,756)	(547,782)	(620,034)	(700,180)	(788,484)	(885,350)
Other rents	(8,624)	(9,463)	(10,446)	(11,614)	(13,001)	(14,648)
Service charges	(27,306)	(28,418)	(29,443)	(30,694)	(32,207)	(34,012)
	(517,686)	(585,663)	(659,923)	(742,488)	(833,692)	(934,010)
Expenditure						
Management and maintenance (net of retained surpluses)	237,940	261,243	304,075	352,636	409,028	474,507
Depreciation and provision for redemption of debt	208,501	248,757	295,948	348,239	375,178	395,886
Net financing costs	71,245	75,663	59,900	41,613	49,486	63,617
	517,686	585,663	659,923	742,488	833,692	934,010
Balance	-	-	-	-	-	-

CAPITAL ACCOUNT	Years 1 - 5 £000	Years 6 - 10 £000	Years 11 - 15 £000	Years 16 - 20 £000	Years 21 - 25 £000	Years 26 - 30 £000
Expenditure						
Capital expenditure	242,335	221,692	195,203	344,889	395,627	502,028
	242,335	221,692	195,203	344,889	395,627	502,028
Financing						
Decent homes funding	(11,650)	-	-	-	-	-
Major repairs	(121,067)	(107,322)	(105,816)	(104,233)	(102,571)	(100,894)
Grants, contributions and receipts	(6,983)	-	-	-	-	-
Borrowing	(102,635)	(114,370)	(89,387)	(240,656)	(293,056)	(401,134)
	(242,335)	(221,692)	(195,203)	(344,889)	(395,627)	(502,028)
Balance	-	-	-	-	-	-
CAPITAL FINANCING REQUIREMENT	Years 1 - 5 £000	Years 6 - 10 £000	Years 11 - 15 £000	Years 16 - 20 £000	Years 21 - 25 £000	Years 26 - 30 £000
Opening capital financing requirement	311,691	314,577	287,510	186,763	183,411	203,858
Capital expenditure financed by borrowing	102,635	114,370	89,387	240,656	293,056	401,134
Provision for redemption of debt	(99,749)	(141,437)	(190,134)	(244,008)	(272,609)	(294,994)
Net movement in capital financing requirement	2,886	(27,067)	(100,747)	(3,352)	20,447	106,140
Closing capital financing requirement	314,577	287,510	186,763	183,411	203,858	309,998
Borrowing cap	356,770	356,770	356,770	356,770	356,770	356,770
Borrowing headroom	42,193	69,260	170,007	173,359	152,912	46,772

Appendix A2 - Forecast capital expenditure and debt curve 2014/15 to 2043/44



Appendix A3
Medium term business plan

REVENUE ACCOUNT	2014/15 Forecast £000	2015/16 Forecast £000	2016/17 Forecast £000	2017/18 Forecast £000	2018/19 Forecast £000
Income					
Dwelling rents	(91,487)	(93,946)	(96,429)	(98,737)	(101,157)
Other rents	(1,661)	(1,692)	(1,725)	(1,757)	(1,789)
Service charges	(5,312)	(5,421)	(5,482)	(5,530)	(5,561)
	(98,460)	(101,059)	(103,636)	(106,024)	(108,507)
Expenditure					
Management and maintenance (net of retained surpluses)	47,152	47,147	47,346	47,545	47,750
Depreciation	21,861	21,807	21,752	21,695	21,639
Net financing costs	10,974	14,750	14,915	14,748	15,858
	79,987	83,704	84,013	83,988	85,247
Surplus/deficit for the year	(18,473)	(17,355)	(19,623)	(22,036)	(23,260)
Provision for the redemption of debt	18,473	17,355	19,623	22,036	22,260
Transfer to HRA reserve	-	-	-	-	1,000
Balance	-	-	-	-	-

CAPITAL ACCOUNT	2014/15 Forecast £000	2015/16 Forecast £000	2016/17 Forecast £000	2017/18 Forecast £000	2018/19 Forecast £000
Expenditure					
Capital expenditure	84,431	50,503	38,233	33,178	35,990
	84,431	50,503	38,233	33,178	35,990
Financing					
Decent homes funding	(11,650)	-	-	-	-
Major repairs	(29,608)	(20,575)	(21,994)	(20,563)	(28,327)
Grants, contributions and receipts	(2,793)	(1,160)	(1,010)	(1,010)	(1,010)
Borrowing	(40,380)	(28,768)	(15,229)	(11,605)	(6,653)
	(84,431)	(50,503)	(38,233)	(33,178)	(35,990)
Balance	-	-	-	-	-
CAPITAL FINANCING REQUIREMENT	2014/15 Forecast £000	2015/16 Forecast £000	2016/17 Forecast £000	2017/18 Forecast £000	2018/19 Forecast £000
Opening capital financing requirement	311,691	333,598	345,011	340,616	330,185
Capital expenditure financed by borrowing	40,380	28,768	15,229	11,605	6,653
Provision for redemption of debt	(18,473)	(17,355)	(19,623)	(22,036)	(22,260)
Net movement in capital financing requirement	21,907	11,413	(4,394)	(10,431)	(15,607)
Closing capital financing requirement	333,598	345,011	340,616	330,185	314,577
Borrowing cap	356,770	356,770	356,770	356,770	356,770
Borrowing headroom	23,172	11,759	16,154	26,585	42,193

Appendix A4
Management and maintenance medium term forecasts

	2014/15 Forecast £000	2015/16 Forecast £000	2016/17 Forecast £000	2017/18 Forecast £000	2018/19 Forecast £000
Wolverhampton Homes – Basic	37,881	37,881	37,881	37,881	37,881
Wolverhampton Homes - Fencing	119	119	119	119	119
Bushbury Hill EMB	1,261	1,261	1,261	1,261	1,261
New Park Village TMO	375	375	375	375	375
Springfield Horseshoe TMO	353	353	353	353	353
Dovecotes TMO	1,091	1,091	1,091	1,091	1,091
Housing Support	884	910	937	966	995
SLA charges	1,046	1,077	1,109	1,141	1,174
Pension contributions	2,284	2,353	2,424	2,497	2,572
Retained repairs and maintenance	(673)	(693)	(713)	(734)	(757)
Miscellaneous items	79	(124)	(129)	(134)	(137)
Total management and maintenance	44,700	44,603	44,708	44,816	44,927

Appendix A5

Capital programme outturn 2103/14 and forecast expenditure by year 2014/15 to 2018/19

	Outturn 2013/14 £000	Forecast 2014/15 £000	Forecast 2015/16 £000	Forecast 2016/17 £000	Forecast 2017/18 £000	Forecast 2018/19 £000	Total forecast £000
Decent homes stock condition							
Graiseley High Rise	(60)	-	-	-	-	-	-
Scotlands Phase 6	50	-	-	-	-	-	-
Scotlands Phase 7	143	-	-	-	-	-	-
Scotlands Phase 8	2	-	-	-	-	-	-
Bushbury roof replacement	(15)	-	-	-	-	-	-
New park village	58	-	-	-	-	-	-
Restoration of void properties all saints	269	72	-	-	-	-	72
Heating and insulation programme	(11)	-	-	-	-	-	-
Heath town district heating	-	250	-	-	-	-	250
Sunset Place structural works	(14)	-	-	-	-	-	-
Merridale structural repairs	-	28	414	-	-	-	442
Graiseley Estate	174	-	-	-	-	-	-
Refurbishment of voids	-	3,607	4,823	4,609	4,546	4,134	21,719
Non-residential conversion	29	1,282	-	-	-	-	1,282
External improvement programme	2,083	1,900	2,200	2,200	2,200	2,200	10,700
Capitalised insurance costs	61	-	-	-	-	-	-
Boiler replacement programme	1,012	900	900	900	900	900	4,500
Decent homes – stock improvements	31,450	46,699	17,349	18,454	13,237	12,281	108,020
Decent homes – capitalised salaries	925	1,000	1,000	1,000	1,000	1,000	5,000
Decent homes stock condition	36,156	55,738	26,686	27,163	21,883	20,515	151,985

	Outturn 2013/14 £000	Forecast 2014/15 £000	Forecast 2015/16 £000	Forecast 2016/17 £000	Forecast 2017/18 £000	Forecast 2018/19 £000	Total forecast £000
Decent Homes public realm							
Old Heath Estate	(18)	-	-	-	-	-	-
Low Hill South	(22)	-	-	-	-	-	-
Scotlands	(12)	-	-	-	-	-	-
St Anne's	(67)	-	-	-	-	-	-
Bushbury Triangle	(30)	-	-	-	-	-	-
Street scaping	-	55	87	87	89	85	403
Communal area improvements		199	467	696	712	677	2,751
Decent Homes public realm	(149)	254	554	783	801	762	3,154
Other stock condition improvement							
Structural works	961	884	933	928	949	903	4,597
Purchase of former RtB	834	-	-	-	-	-	-
Lift and DDA improvements	1,156	1,013	601	597	724	688	3,623
Fire safety improvements – high rise	32	663	525	522	534	508	2,752
Roofing refurbishment programme - city wide	-	3,738	2,572	2,558	2,453	2,333	13,654
Energy efficiency works - city wide	-	1,768	2,333	2,320	2,373	2,257	11,051
Door entry security programme	234	387	408	406	415	395	2,011
Communal rewiring programme	-	111	117	116	119	113	576
Electrical rewiring	-	166	292	290	297	282	1,327
Replacement of lead pipes	-	22	117	174	237	254	804
Structural roof repairs	-	592	625	621	635	604	3,077
Other stock condition improvement	3,217	9,344	8,523	8,532	8,736	8,337	43,472

	Outturn 2013/14 £000	Forecast 2014/15 £000	Forecast 2015/16 £000	Forecast 2016/17 £000	Forecast 2017/18 £000	Forecast 2018/19 £000	Total forecast £000
Other improvements to the public realm							
Pathway improvement and safety programme	275	228	287	345	348	341	1,549
Other improvements to the public realm	275	228	287	345	348	341	1,549
Service enhancements and miscellaneous							
Digital TV	2	-	-	-	-	-	-
Document management costs	1	-	-	-	-	-	-
Sale of council house admin	1	10	10	10	10	10	50
Capitalised salaries	400	400	400	400	400	400	2,000
Feasibility studies	267	-	-	-	-	-	-
Service enhancements and miscellaneous	671	410	410	410	410	410	2,050
Adaptions for people with disabilities							
Disabled adaptions	1,014	1,463	1,000	1,000	1,000	1,000	5,463
Adaptions for people with disabilities	1,014	1,463	1,000	1,000	1,000	1,000	5,463
Major stock condition improvements							
Low Hill residential repairs	285	6,762	12,543	-	-	-	19,305
Major stock condition improvements	285	6,762	12,543	-	-	-	19,305
Estate Remodelling							
Blakenhall gardens	3	-	-	-	-	-	-
East Park Tarran bungalows	(5)	-	-	-	-	-	-
1-4-1 replacement programme	1,507	6,594	500	-	-	-	7,094
Commercial conversions	1	869	-	-	-	-	869
Mortgage rescue scheme	86	854	-	-	-	-	854
CaSSH fund	-	1,915	-	-	-	-	1,915

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	Outturn 2013/14 £000	Forecast 2014/15 £000	Forecast 2015/16 £000	Forecast 2016/17 £000	Forecast 2017/18 £000	Forecast 2018/19 £000	Total forecast £000
Estate Remodelling	1,592	10,232	500	-	-	-	10,732
Total	43,061	84,431	50,503	38,233	33,178	31,365	237,710

Appendix B1 Revenue Outturn 2013/14

1. The table below provides the revenue outturn for 2013/14 compared to the approved budget. It is important to note that debt redemption, in order to enable future years' capital expenditure, is a critical element of the business plan and as such in-year surpluses are committed and not generally available. This table fully reflects the budgeting and accounting arrangements applying since the 2012/13 self-financing regime was introduced, in accordance with which the table has been reformatted from previous reports to show surplus for the year before funds are allocated to reserves and/or the provision for redemption of debt.

	Approved Budget £000	2013/14 Outturn £000	Variance £000
Income			
Gross rents – dwellings	(89,000)	(89,000)	-
Gross rents – non dwellings	(1,600)	(1,600)	-
Charges to tenants for services and facilities	(5,000)	(5,000)	-
Total income	(95,600)	(95,600)	-
Expenditure			
Repairs and maintenance	26,200	25,800	(400)
Supervision and management	19,000	18,800	(200)
Rents, rates and taxes	200	400	200
Increase in provision for bad debts	1,600	900	(700)
Depreciation of fixed assets	21,900	21,900	-
Total expenditure	68,900	67,800	(1,100)
Net cost of HRA services	(26,700)	(27,800)	(1,100)
Interest payable	16,100	13,400	(2,700)
Interest and investment income	-	(100)	(100)
Adjustment for premiums and discounts	-	-	-
(Surplus)/deficit before transfers to/from reserves and provision for redemption of debt	(10,600)	(14,500)	(3,900)
Allocation of (surplus)/deficit			
Provision for redemption of debt	10,600	14,500	3,900
Balance for the year	-	-	-

2. The outturn position for the year was a surplus before allocations of £14.5 million, compared to a budgeted surplus of £10.6 million. The main causes of this favourable result are as follows:
 - a. Net financing costs – there was a saving of £2.7 million on net interest payable. This was due to the council’s treasury management strategy of using internally-generated cash balances in preference to entering into external borrowing wherever possible.
 - b. Bad debt provision – the bad debt provision was £700,000 less than had been forecast. This was due to the bad debts as a result of welfare reform not being as high as had been initially projected.
 - c. Management and maintenance – there were savings of £600,000 across management and maintenance services, due to effective control of budgets and close in-year monitoring.

3. In accordance with the strategy approved as part of the Business Plan adopted in February 2013, the HRA reserve has been maintained at £5 million and as such the surplus of £14.5 million has been used to pay down debt, thereby increasing the headroom within the government’s borrowing cap to fund future capital expenditure. Under the council’s Minimum Revenue Provision (MRP) policy, such additional provision can be recovered in future years if necessary, although this is not currently forecast to be the case.

Appendix B2

- The table below sets out the forecast outturn against revenue budgets as at quarter one of 2014/15.

Forecast revenue outturn 2014/15 compared to budget

	Approved Budget £000	2014/15 Forecast Outturn £000	Variance £000
Income			
Gross rents – dwellings	(91,440)	(91,487)	(47)
Gross rents – non dwellings	(1,641)	(1,661)	(20)
Charges to tenants for services and facilities	(5,217)	(5,312)	(95)
Total income	(98,298)	(98,460)	(162)
Expenditure			
Repairs and maintenance	26,557	25,892	(665)
Supervision and management	18,775	18,808	33
Rents, rates and taxes	251	452	201
Increase in provision for bad debts	2,000	2,000	-
Depreciation of fixed assets	21,861	21,861	-
Total expenditure	69,444	69,013	(431)
Net cost of HRA services	(28,854)	(29,447)	(593)
Interest payable	17,049	11,089	(5,960)
Interest and investment income	-	(1)	-
Adjustment for premiums and discounts	(114)	(114)	-
(Surplus)/deficit before transfers to/from reserves and provision for redemption of debt	(11,919)	(18,473)	(6,553)
Allocation of (surplus)/deficit			
Provision for redemption of debt	11,919	18,473	6,553
Balance for the year	-	-	-

- The only significant variance forecast is the £6.0 million forecast saving on interest payable arising mainly as a result of the council's strategy of using cash balances to finance capital expenditure rather than external borrowing.

Appendix C

Risk Number	Category	Risk- cause/event	Impact of Risk	Probability of Risk (P) Score 1-5	Impact of Risk (I) Score 1-5	Score (PxI)	Red (R) Amber (A) Green (G)	Risk Control Measures	Owner	Review Period
1	Financial and Budget Management	Ineffective budget management.	Overspend against budget requiring either in year savings or use of housing revenue account balance.	2	4	8	A	<ul style="list-style-type: none"> Monthly monitoring at service level and quarterly monitoring to councillors. 	Assistant Director Finance	Monthly
2	Financial and Budget Management	Non pay inflation increase insufficient.	Overspend against budget requiring either in year savings or use of housing revenue account balance.	1	2	2	G	<ul style="list-style-type: none"> Monthly monitoring at service level and quarterly monitoring to councillors. 	Assistant Director Finance	Monthly
3	Financial and Budget Management	Pay award greater than budgeted (1%).	Overspend against budget requiring either in year savings or use of housing revenue account balance.	2	1	2	G	<ul style="list-style-type: none"> Monthly monitoring at service level and quarterly monitoring to councillors. 	Assistant Director Finance	Monthly
4	Financial and Budget Management	Staff turnover below assumed levels.	Overspend against budget requiring either in year savings or use of general fund balance.	2	1	2	G	<ul style="list-style-type: none"> As part of the development of 2014/2015 budgets staff turnover levels were reviewed and revised where possible and affordable. Monthly monitoring at service level and quarterly monitoring to councillors. 	Assistant Director Finance	Monthly
5	Financial and Budget Management	The HRA borrowing cap preventing the council from carrying out essential capital works.	Inability to borrow to fund capital projects results in delays or cancellations.	3	3	9	A	<ul style="list-style-type: none"> Close monitoring of capital spend requirements and borrowing limits. 	Assistant Director Finance	Monthly

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Risk Number	Category	Risk- cause/event	Impact of Risk	Probability of Risk (P) Score 1-5	Impact of Risk (I) Score 1-5	Score (PxI)	Red (R) Amber (A) Green (G)	Risk Control Measures	Owner	Review Period
6	Financial and Budget Management	The 30 year asset management plan is inaccurate.	Capital expenditure is not budgeted correctly.	2	4	8	A	<ul style="list-style-type: none"> Close interrogation of information generated from asset management systems. 	Assistant Director Finance	Monthly
7	Financial and Budget Management	Assumptions which inform decision making regarding the balance of the need to reduce debt, invest in revenue or invest in capital are inaccurate.	Overspend against budget requiring either in year savings or use of housing revenue account balance.	2	3	6	A	<ul style="list-style-type: none"> A prudent approach to assumptions is taken. Monthly monitoring at service level and quarterly monitoring to councillors. 	Assistant Director Finance	Monthly

Risk Number	Category	Risk- cause/event	Impact of Risk	Probability of Risk (P) Score 1-5	Impact of Risk (I) Score 1-5	Score (PxI)	Red (R) Amber (A) Green (G)	Risk Control Measures	Owner	Review Period
8	Financial and Budget Management	Treasury Management Activity, including increases in the cost of borrowing (e.g. LOBO loans being called) and/or reductions in the return on investments.	Overspend against budget requiring either in year savings or use of housing revenue account balance.	3	4	12	A	<ul style="list-style-type: none"> • Robust Treasury Management Strategy. • Established and experienced Treasury Management function. • Proactive approach to the management of the council's cash flow, on a daily basis, including seeking opportunities to take advantage of borrowing opportunities when interest rates are favourable and seeking to maximise returns on investment whilst effectively managing the risk associated with those investments. • External treasury management advisors who provide a proactive and timely service and advice. 	Assistant Director Finance	Daily
9	Financial and Budget Management	Loss of ICT facilities, e.g. due to failure of systems and/or disaster recovery arrangements or key personnel	Lack of robust financial information on which to monitor budgets, leading to in-year budget deficit requiring savings to be identified or the use of housing revenue account balances	2	4	8	A	<ul style="list-style-type: none"> • ICT disaster recovery project and arrangements. 	Assistant Director Finance	Monthly

Risk Number	Category	Risk- cause/event	Impact of Risk	Probability of Risk (P) Score 1-5	Impact of Risk (I) Score 1-5	Score (PxI)	Red (R) Amber (A) Green (G)	Risk Control Measures	Owner	Review Period
10	Income and Funding	Reduction to other income.	Overspend against budget requiring either in year savings or use of housing revenue account balance.	2	3	6	A	<ul style="list-style-type: none"> As part of the 2014/2015 budget process income budgets were reviewed and revised accordingly. Monthly monitoring at service level and quarterly monitoring to councillors. 	Assistant Director Finance	Monthly
11	Income and Funding	Higher than anticipated bad debts.	Overspend against budget requiring either in year savings or use of housing revenue account balance.	3	3	9	A	<ul style="list-style-type: none"> Robust debt collection and recovery mechanisms in place. Monthly monitoring at service level and quarterly monitoring to councillors. 	Assistant Director Finance	Monthly
12	Income and Funding	Lower than anticipated levels of capital funding.	Capital schemes are cancelled or delayed or have to be funded from revenue budgets and/or prudential borrowing resulting in an over spend against budget requiring either in year savings or use of housing revenue account balance.	2	4	8	A	<ul style="list-style-type: none"> The capital programme is actively and closely managed and when so doing expenditure and income streams are continuously monitored. A Capital Programme Working Group is now established which provides enhanced governance and control in respect of the capital programme Quarterly monitoring to councillors. The council can seek external advice for technical support when reviewing the asset management plan as required. 	Assistant Director Finance	Monthly

Risk Number	Category	Risk- cause/event	Impact of Risk	Probability of Risk (P) Score 1-5	Impact of Risk (I) Score 1-5	Score (PxI)	Red (R) Amber (A) Green (G)	Risk Control Measures	Owner	Review Period
13	Service Demands	Increased demand for services including the impact of social and demographic pressures on demand for services, these pressures can be compounded in an economic downturn.	Overspend against budget requiring either in year savings or use of housing revenue account balance.	1	3	3	G	<ul style="list-style-type: none"> As part of the 2014/2015 budget process budgets were reviewed and revised accordingly taking account of known and anticipated increases in demand. Monthly monitoring at service level and quarterly monitoring to councillors. 	Budget Managers	Monthly
14	Third Parties	Third parties and suppliers / contractors cease to trade or withdraw from the market.	Short term expensive solutions may be necessary. Requirements to undertake tender exercise. Increased ongoing cost due to reduced competition. Overspend against budget requiring either in year savings or use of housing revenue account balance.	1	4	4	A	<ul style="list-style-type: none"> Departments using external service suppliers work closely with them and are kept abreast of their service and business situation. At worst this gives the council notice of emerging problems. Monthly monitoring at service level and quarterly monitoring to councillors. 	Budget Managers	Monthly

Risk Number	Category	Risk- cause/event	Impact of Risk	Probability of Risk (P) Score 1-5	Impact of Risk (I) Score 1-5	Score (PxI)	Red (R) Amber (A) Green (G)	Risk Control Measures	Owner	Review Period
15	Government Policy	There are changes to Government policy that have in year service and budget impact.	Overspend against budget requiring either in year savings or use of housing revenue account balance.	2	5	10	A	<ul style="list-style-type: none"> • Monthly monitoring at service level and quarterly monitoring to councillors. • Close monitoring of developing national position and reporting to councillors. 	Budget Managers	Monthly