

ABERDEEN CITY COUNCIL

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COMMITTEE	Council
DATE	6 February 2014
DIRECTOR	Angela Scott (Director of Corporate Governance) Pete Leonard (Director of Housing & Environment)
TITLE OF REPORT	General Fund Revenue Budget 2014/15 and Indicative 5 Year Budgets
REPORT NUMBER:	CG/14/005

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**1. PURPOSE OF REPORT**

- 1.1 The purpose of this report is to provide the Council with details of the 2014/15 General Fund Revenue budget along with indicative 5 Year budgets for the General Fund.
- 1.2 These budgets are based on the current settlement information from the Scottish Government (Finance Circular 6/2013) and are therefore subject to change once an updated settlement position is announced.

**2. RECOMMENDATIONS**

- 2.1 It is recommended that the Council:
  - a) Approves the revenue budget for 2014/15 as attached at Appendix 1 of this report, along with an indicative 5 Year Budget;
  - b) Approves the continuation of a Risk Fund to mitigate against any in year cost pressures;
  - c) Approves the Council's Workforce Plan as attached at Appendix 4;
  - d) Agrees to freeze the level of Council tax for 2014/15 at the same level as 2013/14; and
  - e) Agrees that the Council continues to retain uncommitted revenue reserves in accordance with the Reserves Strategy, which presently shows a requirement for £11.3m to be held.

### **3. FINANCIAL IMPLICATIONS**

- 3.1 The Council in anticipation of setting its budget for 2011/12 undertook an extensive Priority Based Budgeting (PBB) exercise that reviewed all costs currently being incurred across Council services over a 5 year period.
- 3.2 This led to the Council producing a 5 Year Business Plan outlining the financial position over this period and this has been updated to reflect a more detailed understanding of the cost pressures, financial out-turn and Scottish Government settlement figures, based on Finance Circular 6/2013.
- 3.3 The process for determining the 2013/14 budget involved undertaking a risk based approach to enhance and develop the PBB process through the establishment of a risk fund. For 2014/15, the PBB process was further enhanced through the use of a risk based appraisal system.
- 3.4 This involved identifying cost pressures for future years and understanding the risk associated with these. They were then subject to a robust challenge process in order to remove elements of priced-in risk. The risk fund which was created in 2013/14 will continue, such that in being prudent, identified cost pressures could be set against the Risk Fund which Services will work on mitigating against in-year. Further details regarding the risk fund are included in Appendix 3.
- 3.5 The process for determining the 2014/15 budget also involved a commitment to undertake a review of the Council's procurement arrangements. Strategic Procurement will be a key enabler in the continued challenge to control and where appropriate reduce the Council's cost base.
- 3.6 The Procurement Team is actively working in conjunction with all Service areas to identify further efficiencies through new contract design, contract management and collaboration. Service workshops are planned to explore other avenues of savings, and opportunity assessment is planned for subsequent implementation. Opportunities will be explored across the whole organisation and then appraised as appropriate.
- 3.7 The Head of Procurement will be presenting a report to the Finance, Policy & Resources Committee on 20<sup>th</sup> February 2014 which will focus on a Procurement Transformation Programme. This will focus on many aspects of improvement and the benefits realisation that will come from growing commercial awareness and capability across the Council.

- 3.8 A further stream within the budget process is that of workforce planning. The workforce plan is strategically aligned to the Five Year Business Plan and the Priority Based Budget and will be provided to Council as part of the budget report in February 2014, in order to provide a holistic view of the Council's position, along with the Council's annual performance report. The workforce plan is attached in Appendix 4.
- 3.9 In setting the budget for 2014/15 the Council needs to recognise that sufficient working balances are set aside to meet any future unforeseen expenses over the life of the 5 Year Business Plan. This is of high importance given:
- The continued economic outlook for the United Kingdom and further afield;
  - The continued austerity measures being implemented by the UK government, which over 5 years is likely to increase;
  - Welfare reform and the impact of the universal credit in 2014/15;
  - The level of inflation that continues to be inherent within the current economic climate;
  - The agreement of a 1% pay award for 2013/14 and 2014/15;
  - The impact of rising energy prices;
  - Other cost pressures arising directly from rising prices or additional legislative burdens placed on the Council; and
  - The Council waits to see its next 3 year settlement figures from the Scottish Government covering the period 2015/16 to 2017/18.
- 3.10 As reported and agreed at Finance & Resources Committee on 4 October 2012 the Council has continued to set aside £11.3million as uncommitted General Fund reserves, with the express intention of ensuring that it can deal with unexpected and unplanned expenditure should the need arise.
- 3.11 In line with this approved strategy officers continue to monitor and examine the opportunities for increasing the level of working balances.
- 3.12 As part of the Council's year end process the most optimum position will be identified. The Finance, Policy & Resources Committee of 26<sup>th</sup> September 2013 approved the use of any surplus – after a £1million commitment for the Music Hall redevelopment – would be utilised to support the funding of the Capital investment requirement of the Council.

#### 4. OTHER IMPLICATIONS

- 4.1 The Council is required to set its Council Tax levels before the 11 March in the financial year preceding that for which it is set as governed by the Local Government Finance Act 1992.
- 4.2 A continued major impact on the Council's position for 2014/15 and future year budgets is the current prolonged economic downturn of the United Kingdom economy and the subsequent impact this has had on the level of funding available to the public sector.
- 4.3 In setting the General Fund budget it is assumed that a funding envelope of approximately £394 million will be provided for capital investment over the life of the 5 Year Business Plan. The Council has a process for identifying and ranking projects, or bids, and this is currently being worked on by officers and will be reported to Committee in February 2014. This will include projects within the Strategic Infrastructure Plan as appropriate.

#### 5. REPORT

- 5.1 The budget proposals being recommended by officers is summarised in the table below and broken down further in Appendix 1 of this report:

<u>Note</u>	<u>Funding</u>	<u>£ million</u>
1	General Revenue Grant	132.717
1	Non Domestic Rates	193.738
2	Council Tax (including Arrears)	100.273
		<hr/> 426.728
	Add:	
	Trading Services/Other Grants	13.640
	<b>Total Funding</b>	<hr/> <b>440.368</b>
	<b><u>Projected Expenditure</u></b>	
	Current Estimated Spend	440.368
	<b>Total Projected Expenditure</b>	<hr/> <b>440.368</b>
	<b>Net Spend</b>	<hr/> <b>0</b>
3	Risk Fund	<hr/> <b>5,400</b>

**Note 1** – This is the total funding notified to the Council per the current Finance Circulars available based on Non Domestic Rates and General Revenue Grant.

**Note 2** – A review of Council Tax has been undertaken and it is estimated that a small increase in the Band D equivalent properties for 2014/15 can be anticipated.

**Note 3** – The risk fund was established in 2013/14 and will continue to be earmarked for this purpose in 2014/15.

### **Financial Settlement Position**

5.2 It is worthwhile noting that as part of the overall settlement agreement provided by the Scottish Government the Council is expecting that it has to ensure that it has adequate budgetary provision to:

- Maintain a Council Tax freeze for the financial year 2014/15; and
- Maintain teacher numbers in line with pupil numbers and secure places for all probationers who require one under the teacher induction scheme.

Note: The potential loss of revenue grant for not maintaining the council tax freeze would be £3.175m, and for not maintaining the pupil number ratio it would be approximately £1.8m

5.3 The Council has received the Finance Circular for 2014/15 (Local Government Finance Circular no. 6/2013) and this is in line with previously reported expectations. The figures within this report reflect the funding position per the issued circular.

### **Council Tax Assumptions**

5.4 The current level of Council Tax Band D equivalent is £1,230.39 per annum. It should also be noted that this assumes:

- Council tax non-collection rates are maintained at 2013/14 levels for the 5 Year Business Plan (which will be monitored closely given the impact of Welfare Reform);
- That an additional 400 Band D properties will be added to the charge annually;
- Council tax levels are frozen at 2012/13 prices until 2015/16 when it is assumed that it will increase by 2% per annum;
- Provision for Welfare Reform impact remain included in base budget;

## 5 Year Business Plan Investment

- 5.5 As part of the overall direction of travel in delivering the 5 Year Business Plan the Council undertook wide reviews of its areas of spend and re-aligned this to its Corporate Priorities.
- 5.6 The table below shows the net movement within each of the Service Directorates, as contained in the 5 year plan, and more information on the investment contained therein is provided within Appendix 2 of this report.

### Net Movement by Service:

	2013/14 to 2014/15	2014/15 to 2015/16	2015/16 to 2016/17	2016/17 to 2017/18	2017/18 to 2018/19
Service	£'000	£'000	£'000	£'000	£'000
Corporate Governance	(18)	(70)	287	273	238
Social Care and Wellbeing	1,424	843	2,808	2,608	2,408
Education, Culture and Sport	6,969	2,844	5,869	2,035	2,393
Housing and Environment	(468)	(1,718)	2,923	268	272
Enterprise, Planning and Infrastructure	(1,005)	794	1,696	1,411	137
Office of Chief Executive	66	(33)	65	301	(269)
Council Expenses	0	0	0	0	0
Miscellaneous Services	(1,477)	6,334	4,505	8,185	4,765
Joint Boards	0	0	0	0	0
<b>Total</b>	<b>5,491</b>	<b>8,995</b>	<b>18,153</b>	<b>15,082</b>	<b>9,944</b>

- 5.7 The net movement above includes previously approved PBB service options, growth items (see Appendix 2) and corporate adjustments such as realignment of rates budgets.
- 5.8 For Enterprise, Planning and Infrastructure and Housing & Environment, the reason for a reduction in annual movement between 2013/14 through to 2015/16 is again primarily due to the continued delivery of service improvements, as previously included in the Council's 5 year business plan.

- 5.9 The miscellaneous service budget contains provision for the financial impact of assumptions made around energy, pay awards and capital financing costs.
- 5.10 If the overall gross investment is broken down by Service (that is previous Council PBB decisions are excluded) the real investment in Services can be seen in the table below:

**Annual Gross Investment:**

	<b>2013/14 to 2014/15 £'000</b>
<b><u>Current Movement</u></b>	
Corporate Governance	490
Social Care and Wellbeing	3,233
Education, Culture and Sport	5,702
Housing and Environment	1,835
Enterprise, Planning and Infrastructure	678
Office of the Chief Executive	66
Miscellaneous Services	<u>2,590</u>
	<b><u>14,594</u></b>

- 5.11 The table above, which Appendix 2 to this report provides further detail, demonstrates the Council's commitment to delivering front line services in line with the vision set out in Aberdeen – The Smarter City.
- 5.12 It further demonstrates the Council to be in a strong financial position to deliver this level of investment despite the current austerity measures that are in place by various governments within Europe.
- 5.13 Also contained within the overall five year budget are allowances for the following assumptions:
- A 1% annual pay award for all categories of staff for each of the 5 years (2% in 2017/18);
  - An increase in the level of utility bills for the five year period to reflect increasing prices;
  - A capital investment programme, incorporating the Strategic Infrastructure Plan of £394 million over the next 5 years, the detail of which is included in a separate report;
  - The continuation of auto-enrolment, reflecting the uptake of approximately two-thirds of staff who had previously opted out;
  - An allowance for Welfare Reform – primarily targeted at Council tax and the continued uncertainty surrounding the introduction of the Universal Credit;
  - Increased investment to reflect the increasing demographic factors impacting on the delivery of Social Care and Wellbeing Services;

- Increased investment in primary teachers to reflect the growing level of school children;
  - An additional £0.7 million for devolved school budgets to target the improvement of school attainment;
  - Increased investment in waste to ensure the delivery of the Council's waste strategy; and
  - An uplift of 7.7% for Non Domestic rates (for which we await final notification from the Scottish Government).
- 5.14 An integral part of the budget process is the monitoring and governance of those base budget growth items listed in Appendix 2. This will be done as part of the corporate performance report during 2014/15.

## **6. IMPACT**

- 6.1 As a recognised top priority the Council must take the necessary measures to balance its budget. Therefore, Services are expected to work within a financial constraint as defined by their annual budgets.

## **7. BACKGROUND PAPERS**

Scottish Government Finance Circulars  
Priority Based Budget Report  
2013/14 Monitoring Reports  
5 Year Business Plan  
Finance, Policy & Resources Committee September 2013.

## **8. REPORT AUTHOR DETAILS**

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<b>Appendix 1</b>						
<b>General Fund Revenue Budget 5 Year Position</b>						
	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
<b>Service</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Corporate Governance	28,113	28,095	28,025	28,312	28,586	28,823
Social Care and Wellbeing	121,514	122,938	123,781	126,589	129,197	131,605
Education, Culture and Sport	162,319	169,288	172,132	178,000	180,036	182,428
Housing and Environment	36,644	36,176	34,458	37,381	37,649	37,921
Enterprise, Planning and Infrastructure	40,489	39,485	40,279	41,975	43,386	43,524
Office of Chief Executive	871	937	904	969	1,270	1,002
Council Expenses	2,150	2,150	2,150	2,150	2,150	2,150
Miscellaneous Services	41,265	39,788	46,122	50,627	58,812	63,577
Joint Boards	1,512	1,512	1,512	1,512	1,512	1,512
<b>Net Cost of Service</b>	<b>434,877</b>	<b>440,368</b>	<b>449,363</b>	<b>467,516</b>	<b>482,598</b>	<b>492,543</b>
<b>Funding</b>						
General Revenue Grant - Note 1	(144,345)	(132,717)	(133,418)	(133,418)	(133,418)	(133,418)
Non Domestic Rates	(177,084)	(193,738)	(193,738)	(193,738)	(193,738)	(193,738)
Assumed Settlement Position	0	0	(3,500)	(7,000)	(9,000)	(9,000)
Council Tax	(99,793)	(100,273)	(102,903)	(105,314)	(107,773)	(107,773)
Trading Services Surplus	(13,654)	(13,640)	(13,879)	(13,642)	(13,566)	(13,479)
<b>Funding</b>	<b>(434,876)</b>	<b>(440,368)</b>	<b>(447,438)</b>	<b>(453,112)</b>	<b>(457,495)</b>	<b>(457,408)</b>
<b>Budget (Surplus)/Deficit</b>	<b>0</b>	<b>0</b>	<b>1,925</b>	<b>14,404</b>	<b>25,103</b>	<b>35,134</b>
Trading Adjustment	0	0	0	0	0	0
<b>Current (Surplus)/Deficit</b>	<b>0</b>	<b>0</b>	<b>1,925</b>	<b>14,404</b>	<b>25,103</b>	<b>35,134</b>
<b>Note 1</b>						
General Revenue Grant		119,714				
Council Tax Reduction Scheme		10,415				
		<b>130,129</b>				
Teachers Induction Scheme		331				
Copyright for schools		(44)				
National Care Home Contract		94				
Children and Young People Bill		1,833				
Hostels adjustment		(221)				
Sensory Impairment		41				
		<b>2,034</b>				
Undistributed						
Teachers Induction Scheme		554				
Total General Revenue Grant		<b>132,717</b>				

APPENDIX 2 GROWTH		2014/15	2015/16	2016/17	2017/18	2018/19
Reference	Description	£000	£000	£000	£000	£000
<b>CORPORATE GOVERNANCE</b>						
RCG01	Net staff movement (inc increments, effect of auto enrolment etc)	480	0	0	0	0
RCG03	Net position of ICT contract reviews	0	158	77	63	28
RCG05	Communication Strategy	10	0	0	0	0
	<b>Corporate Governance Total</b>	<b>490</b>	<b>158</b>	<b>77</b>	<b>63</b>	<b>28</b>
<b>SOCIAL CARE &amp; WELLBEING</b>						
RSCW01+2	Net staff movement (including increments, effect of auto enrolment etc)	627	402	402	402	402
RSCW09	Increase in national care home rate and free personal care rate	950	950	950	950	950
RSCW15	Demographic demand pressures on Learning Disability services	100	220	220	220	220
RSCW22	Children's Services: 2% year on year increase alternative family services	0	166	166	166	166
RSCW24	Slippage on Redesign of learning disability services saving (SCW01)	290	0	0	0	0
RSCW29	Demographic growth pressure on Older People+Rehab services	250	622	622	622	622
RSCW30	Additional cost pressure on externally purchased homecare	416	0	0	0	0
RSCW31	Fund increase in externally purchased services across directorate	600	748	748	748	748
	<b>Social Care &amp; Wellbeing Total</b>	<b>3,233</b>	<b>3,108</b>	<b>3,108</b>	<b>3,108</b>	<b>3,108</b>
<b>EDUCATION, CULTURE &amp; SPORT</b>						
RECS01	Net staff movement (including increments, effect of auto enrolment etc)	1,011	1,976	1,976	1,576	1,976
RECS04	Developing Service Delivery & new ways of working	1,200	0	0	0	0
RECS11	Unitary Charge	230	250	250	250	250
RECS12	Amendments to Nursery Hours	1,833	700	0	0	0
RECS13	Payments to outside contractors - nursery	99	0	0	0	0
RECS14	Curriculum Support for improving attainment	175	0	0	0	0
RECS15	Devolved Education Management (DEM)	639	0	0	0	0
RECS18	Furniture, Equipment & ICT provision for additional classrooms	175	0	0	0	0
RECS21	New statutory entitlement to pre-school education for looked after 2 year	100	0	0	0	0
RECS22	Specialist Placements	200	0	0	0	0
RECS24	Art Gallery redevelopment	0	66	110	149	167
RECS25	Transport - new school (South of City academy)	0	0	100	60	0
RECS26	New Additional Support Needs (ASN) School	0	660	330	0	0
RECS27	Grants for Leased Community Centres	20	0	0	0	0
RECS28	Tillydrone Lads Club	20	0	0	0	0
	<b>Education, Culture &amp; Sport Total</b>	<b>5,702</b>	<b>3,652</b>	<b>2,766</b>	<b>2,035</b>	<b>2,393</b>
<b>HOUSING &amp; ENVIRONMENT</b>						
RHE-DIR01	Net staff movement (including increments, effect of auto enrolment etc)	201	107	107	107	107
RHE-HM01	Welfare Reform - Impact of Homelessness Income	0	1,139	0	0	0
RHE-WS01	Landfill Tax - Increase by £8 per tonne	749	0	0	0	0
RHE-WS02	Waste Contract Growth (Gate Fee) 2.6%	20	142	146	150	154
RHE-WS02	Waste Contract Growth (Contract Management Fee)	0	10	11	11	12
RHE-WS03	Food Waste Collections (Crews)	242	0	0	0	0
RHE-WS03	Food Waste Collections (Vehicles)	364	(320)	0	0	0
RHE-WS03	Food Waste Collections (Maintenance)	140	0	0	0	0
RHE-WS03	Food Waste Collections - Bags	80	20	0	0	0
RHE-WS03	Food Waste Collections - Bins	35	35	17	0	0
RHE-GR01	Revised Allotment Fee Structure	4	0	0	0	0
	<b>Housing &amp; Environment Total</b>	<b>1,835</b>	<b>1,133</b>	<b>281</b>	<b>268</b>	<b>272</b>
<b>ENTERPRISE, PLANNING &amp; INFRASTRUCTURE</b>						
REPI-AMO01	Roads: Increased Gully Maintenance	0	65	0	0	0
REPI-AMO02	Roads: Surface Dressing	0	160	200	240	0
REPI-AMO03	Roads: Pothole Patching	0	133	167	200	0
REPI-AMO04	Roads: Lining for Parking Restrictions	107	133	160	0	0
REPI-AMO05	Roads: Drainage Repairs & Flood Defences	0	207	248	0	0
REPI-AMO06	Street Lighting : Corroded Columns	0	254	317	378	0
REPI-AMO07	Public Buildings: Repairs & Maintenance	0	318	397	476	0
REPI-AMO21	Postage Costs	0	20	20	20	20
REPI-AMO28	Carbon Reduction Commitment (CRC) Costs for Council	198	0	0	0	0
REPI-DIR01	Net staff movement (including increments, effect of auto enrolment etc)	170	121	121	121	121
REPI-TRA2	Reduce residents parking permits by £10 per year	150	150	150	0	0
REPI-TRA3	Limit parking charges to 8pm	50	0	0	0	0
REPI-DIR02	Events	3	0	0	0	0
	<b>Enterprise, Planning &amp; Infrastructure Total</b>	<b>678</b>	<b>1,561</b>	<b>1,630</b>	<b>1,435</b>	<b>141</b>
<b>OFFICE OF THE CHIEF EXECUTIVE</b>						
ROCE_01	2014 European Parliamentary Elections	33	0	0	0	0
ROCE_02	2014 Scottish Independence Referendum	33	0	0	0	0
	Elections 2015/16 -2018/19	0	(33)	65	301	(269)
	<b>Office of the Chief Executive Total</b>	<b>66</b>	<b>(33)</b>	<b>65</b>	<b>301</b>	<b>(269)</b>
<b>MISCELLANEOUS SERVICES</b>						
RCW01	Cultural Programme	400	310	90	(85)	(25)
RCW-ELEC	Increase in Electricity Costs	1,371	532	623	706	758
RCW-FUEL	Increase in Vehicle Fuel Costs	30	30	30	30	30
RCW-GAS	Increase in Gas Heating Costs	618	224	242	261	282
RCW-HEAT	Increase in Other Fuel & Heating Costs	35	45	14	14	58
RCW-OIL	Increase in Gas Oil Heating Costs	24	24	25	27	30
RCW-WATER	Increase in Water Rates	112	30	31	32	32
	Pay Award	0	3,600	3,600	7,200	3,600
	<b>Miscellaneous Services Total</b>	<b>2,590</b>	<b>4,795</b>	<b>4,655</b>	<b>8,185</b>	<b>4,765</b>
	<b>Totals</b>	<b>14,594</b>	<b>14,374</b>	<b>12,582</b>	<b>15,395</b>	<b>10,438</b>

## **GROWTH RISK REGISTER PROCESS AND MANAGEMENT**

### **Context**

In order to manage risk, the Council needs to understand what risks it faces. This can be broken down into two steps which will require to be taken by the Council,

- Identifying the initial risk: identifying the risks in a structured way for a new method of examining the core financial statements; and
- Identifying the risk on a continual basis: this allows new risks to be captured, changes to existing risks or existing risks no longer being applicable moving forward.

### **2013/14 Budget**

The process for preparing the five year budget from 2013/14 was enhanced with a review of cost pressures from a risk perspective and the creation of a Risk Register/Fund (cash backed). This ensured that no new savings were required in the 2013/14 council budget.

In the first instance Services are expected to meet cost pressures before any call on the Risk Fund. Governance arrangements of the Risk Fund were approved by the Corporate Management Team as part of a paper on 'Applying Risk Analysis', and are expected to:

1. Try to contain the pressure within their budget; then
2. Try to contain the budget pressure within the Head of Service budget; then
3. Try to contain the budget pressure within the Service budget;
4. Try to contain the budget pressure within contingency budget; then
5. They would access the cash backed risk register provision.

Management and reporting of access to contingency and the cash backed risk register will be via Corporate Management Team.

### **2014/15 Budget**

The budget for 2014/15 and subsequent years has been prepared by the introduction of a risk based appraisal of all growth items.

This involved identifying cost pressures for future years and understanding the risk associated with these. They were then subject to a robust challenge process in order to remove elements of priced-in risk.

An assessment form was prepared for each potential growth item which provided:

- the most likely scenario identified with the probability expressed as a percentage,
- the most likely budgetary value (£) of that scenario, again with the probability expressed as a percentage,
- An assessment of other risks (likelihood and impact) associated with making, or not making, budgetary provision;
- Mitigating actions targeted at reducing the likelihood and / or impact of the most significant risk factors; and
- The potential impact of each mitigating actions expressed as a budgetary value.

In deciding how to respond to individual growth items, from the information provided, officers were able to consider:

- a. The value of the most likely scenario;
- b. The potential value of proposed mitigation;
- c. The overall risk assessment of making, or not making, budget provision.

This ensured that the Council's appetite for risk in each case will be made from an informed basis.

The Corporate Management Team were also able to see the likelihood of each of the growth items requiring 100% funding in the year ahead, which in turn influences the allocation of funding and reserves – in this case the cash backed Risk Fund.

All growth items were reviewed at the Corporate Round Tables and the outcome was that many of the growth items were included in the baseline budget, as detailed in Appendix 2 of this budget paper. Whilst a number of the growth items were not included in the budget, these are listed below and represent growth items which Services were less certain of occurring but acknowledged that there was still a risk that if circumstances changed then the funding would be required.

The cash backed Risk Fund which was created in 2013/14 remains, such that in being prudent, identified cost pressures could be set against the Risk Fund.

The total of the growth items for 2014/15 amounts to £11.5m. The scoring for each of the growth items per the assessment form was used in determining the value of the cash backed risk fund for 2014/15. An average score was taken such that the value of the items above this score would determine the value of the Fund. The fund therefore equals £5.4m for 2014/15, and this is envisaged to be a worst case scenario. It should be noted that for growth item RHE-FI11 Welfare Reform, a review of the requirements resulted in this item being amended to £2m.

<b>Growth Risk Register Items 2014/15 to 2018/19</b>						
		2014/15	2015/16	2016/17	2017/18	2018/19
	<b>Growth Option</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Not included in base but risk register</b>						
<b>EDUCATION, CULTURE &amp; SPORT RISK REGISTER</b>						
RECS16	ASN Growth	200	400	400	400	400
RECS02	Creation of a contingency fund for school repairs/maintenance	100	100	100	100	100
	<b>ECS Total (Risk Register)</b>	<b>300</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>
<b>ENTERPRISE, PLANNING &amp; INFRASTRUCTURE RISK REGISTER</b>						
REPI-AMO21	Postage Costs (adjusted after EP&I SMT 10 Sept)	200	200	200	200	200
REPI-AMO26	Accommodation Move Programme	500	250	0	0	0
REPI-AMO27	Increase in Business Rates	150	426	710	1,002	1,302
REPI-AMO01	Roads: Increased Gully Maintenance	65	0	0	0	0
REPI-AMO06	Street Lighting : Corroded Columns	254	317	378	0	0
REPI-AMO19	Janitorial Overtime - Increased Numbers of Lets	50	50	50	50	50
REPI-AMO24	Recharges from Central Accommodation Offices	137	137	137	137	137
REPI-AMO25	Flood Guards Grant Scheme	50	100	150	200	250
REPI-AMO09	Fleet Replacement Programme Funding	225	450	675	900	1,125
	<b>EPI Total (Risk Register)</b>	<b>1,631</b>	<b>1,930</b>	<b>2,300</b>	<b>2,489</b>	<b>3,064</b>
<b>HOUSING &amp; ENVIRONMENT RISK REGISTER</b>						
RHE-ES07	Play Area Maintenance	300	300	300	300	300
RHE-FI11	Financial Inclusion - Welfare Reform (combined)	3,413	3,413	3,413	3,413	3,413
RHE-HM01	Welfare Reform - Impact of Homelessness Income	1,139	0	0	0	0
	<b>H&amp;E Total (Risk Register)</b>	<b>4,852</b>	<b>3,713</b>	<b>3,713</b>	<b>3,713</b>	<b>3,713</b>
<b>SOCIAL CARE &amp; WELLBEING RISK REGISTER</b>						
RSCW26	Increase in LATC contract price re national terms and conditions.	438	898	1,358	1,818	2,278
RSCW25	Change to existing option - removal of 14/15 and 15/16 saving SCW14	300	540	540	540	540
RSCW09(ADJUSTED)	OPR - increase in national care home rate and FPC rate	255	510	765	1,020	1,275
RSCW22(ADJUSTED)	2% demand pressure on alt family services	166	166	166	166	166
RSCW15(ADJUSTED)	cap LD demand pressures (220 capped to 100)	120	120	120	120	120
RSCW29(ADJUSTED)	OPR demographic growth pressure on OPR services (capped 14/15)	372	372	372	372	372
RSCW31(ADJUSTED)	Fund increase in externally purchased services across directorate (capped 14/15)	148	148	148	148	148
RSCW27	Carefirst Licences for recent modules added	42	84	126	168	210
RSCW28	Purchase of additional Multi-view Licences	50	100	150	200	250
RSCW33	Early Years Change Fund 13/14	514	514	514	514	514
RSCW34	Older People's Change Fund 13/14	25	25	25	25	25
RSCW35	Change PBB Option SCW13 (JOINTLY COMMISSION WITH OTHER ORGS)	500	500	500	500	500
RSCW36	Change PBB Option SCW18 (PERSONALISED BUDGETS FOR RECIPIENTS C	545	545	545	545	545
RSCW37	Newton Dee	375	375	375	375	375
RSCW33	Early Years Change Fund 14/15	569	569	569	569	569
RSCW34	Older People's Change Fund 14/15	385	385	385	385	385
	<b>SCW Total (Risk register)</b>	<b>4,804</b>	<b>5,851</b>	<b>6,658</b>	<b>7,465</b>	<b>8,272</b>
	<b>Total Growth included in Risk Register</b>	<b>11,587</b>	<b>11,994</b>	<b>13,171</b>	<b>14,167</b>	<b>15,549</b>

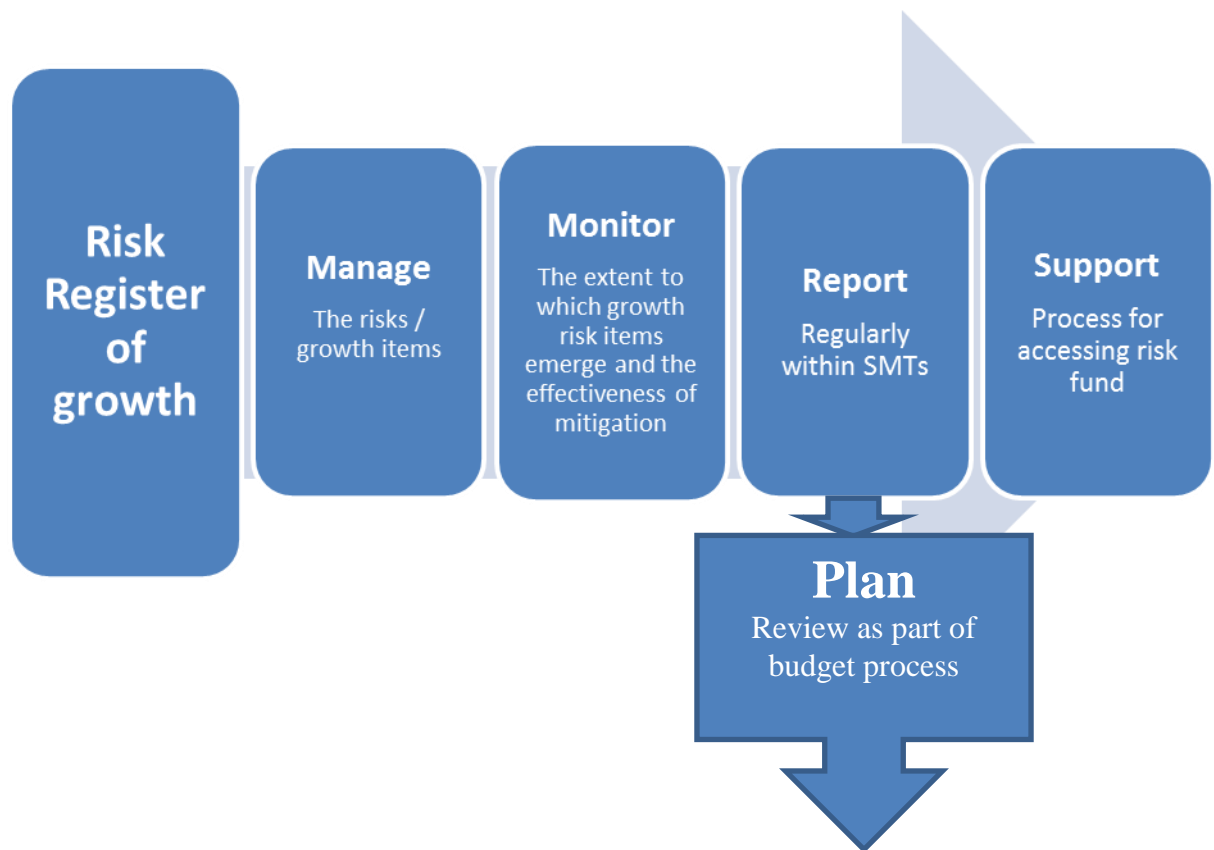
### Appendix 3

The creation of a Risk Register is underway to record the associated risks and capture mitigating actions in place to support management and monitoring. It is vital that each growth item has an “owner” to update the risk register.

Governance of the Risk Register will be through the Performance & Risk teams existing reporting of updates on risk registers for evidence that growth items are monitored in year to ensure Services are reviewing and updating mitigation of the costs in-year.

The items listed on the Risk Register will be reviewed and updated within every budget cycle. The diagram below outlines the monitoring process.

#### Diagram: Growth Risk Register Monitoring Process



#### 2015/16 Budget

The Risk register will be integral as part of the review of the next five years budget. The application of risk to the wider context of all business planning activity within the Council is vital to the delivery of services to achieve the outcomes to support the Smarter City priorities.