

EXECUTIVE MEMBER: Cllr Gillian Troughton
LEAD OFFICER: Darienne Law – Head of Corporate Resources
REPORT AUTHOR: Ann Treble -Financial Management and Treasury Accountant

SUMMARY

This report details the Head of Corporate Resources review of the general fund balances currently held by Council.

Executive are asked to:

- i. Recommend to Council to approve the release of £180k from the risk based allocation to support the pension fund deficit lump sum payment; to leave the general fund risk based allocation at £2m.
- ii. Recommend to Council to approve the sum of £336k to be received back into the General Fund balance from earmarked reserves as detailed in the Earmarked Reserve Review Report presented elsewhere on this agenda.
- iii. Recommend to Council to approve the release of £420k from the unallocated general fund to support the pension fund deficit lump sum payment; to leave the general fund unallocated at £953k.
- iv. Recommend to Council to approve the release of £20k from the unallocated general fund to allow the creation of a ‘Knot weed’ earmarked reserve as detailed in the Earmarked reserve report, presented elsewhere on this agenda; to bring the unallocated general fund balance to £933k
- v. Note the use of the unallocated General Fund in the year as detailed in paragraph 4.1
- vi. Note the proposed use of general fund in 2014/15, shown in Appendix A - Note 2014/15 useage depends upon the value of the settlement figures expected this week, but for the purposes of this report, assumes a useage of £138k to support the revenue budget.

1. INTRODUCTION

- 1.1 Revenue reserves play a key role in the management of the Council’s budget. They are used as a contingency against risk, to fund new policy initiatives and to support the Council’s revenue and capital budgets when needed.
- 1.2 This report deals with the Head of Service review of the unallocated and risk-based reserves only. A separate report details information on earmarked reserves. The Head of Corporate resources is responsible for advising on the adequacy of reserve levels. In assessing this adequacy account is taken of professional guidance, together with the strategic, operational and financial risks facing the authority. Account is also taken of the key financial assumptions underpinning the budget and financial strategy within the context of the authority’s broader financial management arrangements. It should be

noted that there is no specified percentage or limit set by the Government, Audit Commission or any other body on the appropriate level of reserves to be held. It is for each authority to set guidelines for its own limits as advised by the Head of Corporate Resources.

- 1.3 A summary of the total level of general reserves held by the Council is attached at Appendix A.
- 1.4 Recommendations on changes to the level of earmarked reserves held or changes to the annual utilisation of those reserves must be submitted to the Executive for approval. The approval for the use of the General Fund or changes to amounts to be taken from the General Fund must be approved by Council.
- 1.5 Executive will receive a report at its meeting in January detailing the anticipated use and subsequent balance of the general fund reserve in 2014/15 onwards.
- 1.6 Overall, the Council currently holds the following revenue reserves, with **opening balances** as at 1 April 2013;

	2013/14 £'000
General Fund Risk-based	2,180
General Fund Unallocated balance	1,065
Earmarked Reserves (separate report at this meeting)	6,027
Total	9,272

2. UNALLOCATED AND RISK BASED GENERAL FUND BALANCES

- 2.1 The General Fund is an accumulation of surpluses / deficits on overall revenue spending. The level of this reserve is linked to a risk assessment of the financial position of the authority.
- 2.2 The use of a risk-based approach better determines the appropriate level of reserves in relation to risks and specific circumstances facing the Council. Therefore, the risk led element of the General Fund balance provides cover for risks and uncertainties in the approved budget and for emergencies. It does not provide cover for additional investment, rather it is there to ensure the approved budget can be delivered if associated risks materialise.
- 2.3 The Head of Corporate Resources recommends a level for the risk-based element of the General Fund as part of the budget setting process each year. Budgets will be produced on the basis that the General Fund balance will be maintained at least at the recommended level throughout the period covered by the Medium-term Financial Strategy and can be sustained at this level in the longer-term.

- 2.4 As part of the review of reserves carried out during 2012/13 the level of risk based reserves was set at £2,180,000 being the minimum level that was deemed to be acceptable for Council purposes at that time. This level is now changed to £2m, see paragraph 3 for full details.
- 2.5 If the balance on the General Fund is projected to fall below the recommended risk-based level, then priority will be placed on restoring the balance in subsequent budget and out-turn recommendations. Temporary dips below the target may be acceptable provided that the minimum amount is not likely to be breached and there is a robust plan to restore balances to the target level.

3 THE GENERAL FUND RISK-BASED BALANCE

- 3.1 The Council has a statutory responsibility to have in place arrangements for managing risks. Risk Management covers the whole spectrum of risks and not just those associated with finance, health & safety, business continuity and insurance. It also includes risks associated with service provision, effectiveness and continuity, reputation, compliance with legislation and environment.
- 3.2 Risk Management strengthens the ability of the Council to achieve its corporate objectives and priorities and enhance the value of services provided. It provides a strategic tool in planning and decision making. The council has recognised the increasing importance to managing risk given the changing external environment and approved an updated Risk Management Strategy in September 2013 which has refreshed the strategic risk register and Executive now monitors the Council's risks on a quarterly basis .
- 3.3 Risk Management, amongst other definitions, can be defined as:
- “The management of integrated or holistic business risk in a manner consistent with the virtues of economy, efficiency and effectiveness. In essence it is about making the most of opportunities (making the right decisions) and about achieving objectives once those decisions are made. The latter is achieved through controlling, transferring and living with risks.” ZMMS/SOLACE, Chance or choice? July 2000.***
- 3.4 Risk Management is a strategic tool and is an essential part of effective and efficient management and planning. Risk can be classified as either strategic risks that impact on the medium to long term objectives of the Council or operational risks that are associated with the day – to day activities of the Council.
- 3.5 With increasing uncertainty on our funding and resource levels arising from the CSR 10 and now CSR13, alongside national policy changes, the identification and management of our strategic risks is vital for the council. The General Fund Risk Based Balance was set for 2012/13 at £2,180,000 as part of the budget setting process in February 2013, and was

based on a number of risks that the Council at that time were either experiencing or anticipating.

- 3.6 Some of these risks have now crystallised, the most extensive one being the results of the 2013 Triennial pension review, which requires the authority to make a lump sum payment in year to start meeting its liabilities. Part of the funding for this will be taken from the Risk Based Reserve. Full details of the review and implications are contained within the Pension Deficit Strategy, which is presented elsewhere on this agenda.
- 3.7 Given the refreshed strategic risk register, and particularly the growing uncertainty of the funding streams for local government following the Local Government Finance Act 2012 – which passport the risk (and benefits) of business rate scheme to local authorities, the Head of Corporate Resources has reviewed and reassessed the level that the general fund risk based reserve level should now be maintained.
- 3.8 The assessment of risk is depend on the Councils appetite to risk and the preference that it has for dealing with the risk, which of the 4 Ts of risk management that the council prefer to use. The 4 T's are:-
- Treat
 - Tolerate
 - Terminate
 - Transfer
- 3.9 The recent workshop with members held in December 2013 highlighted the council's approach has in the past looked to Treat its significant risks and has a low appetite for risk. This approach will require appropriate levels of financial resources to be available to fund the treatment.
- 3.10 The main risks in the strategic risk register are attached as Appendix 3. These main ones which score a rating of 5/ 6 for Likelihood and 3/ 4 for impact are:-
- Financial Viability,
 - Lack of capacity, resources and capability to deliver the change programme
 - Maintaining focus on the Council's core business
 - Challenge/Judicial review
 - Making partnerships work during times of significant change
 - Failure to design services to meet the needs of the most vulnerable in the community
 - NNDR & the Growth Strategy
- 3.11 An assessment of the financial implications of these are set out in Appendix 2 and summarised below.

Table 1 – Summary of Risk Based General Funds Reserve 2013/14

Potential Risk	Risk Score	Weighting	Financial Exposure (£000)	Balance Required (£000)	Comment (Basis of Financial Exposure)
Base Budget Contingency for inflation or other unanticipated rise.	4	50%	100	50	Assumed at 1% of Net Revenue Budget
Underachievement of Charges Income targets and spending exceeds budgets	4	50%	232	116	Estimate of 10% Charges Income forecasts for 2014/15
Underachievement of Investment Income	4	75%	202	152	1% of exposure of average balance of £25m
Civil Emergencies	6	75%	167	125	Bellwin scheme cuts in at 0.2% of Net Budget and provides for up to 85% of eligible costs (assume £1m cost - not covered by insurance)
Insurance Excesses	2	75%	34	26	Based on 10% of insurance premia payments
Fall in Rental Income from Property	6	75%	79	59	10% of Rental Income (assumed at £0.8m for 2014/15)
partnership support to discretionary services not met	2	25%	725	181	level of support in grants material and subject to agreements
accommodation strategy and ICT technology changes	4	50%	250	125	significant moves and risks ref PFI and new accommodation for staff and ability to address the needs of
business rate - safety net	6	75%	165	165	annual funding if fall into safety net - plus cashflow costs
underachievement of council tax revenues	4	50%	360	180	Assumed at 1% of Net Revenue Budget
future pension changes and pensions deficit	6	75%	526	395	Assumed payback over 19 years and new CARE mitigates some increases - 7% average deficit if pension returns and repayment plan not sufficient
Emergency Contingency	6	100%	500	500	Emergency contingency fund - allocate £0.5m for any unforeseen emergencies eg cliffs/ shafts
TOTALS			3,340	2,073	
Maximum Risk Based Reserve Balances				3,340	
Minimum Risk Based Reserve Balances				1,670	
Recommended Level of General Risk Based Reserves (Projected as at 31/03/13) (General Fund)				2,000	
Projected (Shortfall)/Excess of Current Risk Based Reserve Balance over Risk Assessment Above				-73	

3.12 It is the Head of Corporate Resources view that, given the councils risk appetite, preference for treatment and the levels of risk currently identified, the risk based reserve should be maintained at the £2m level.

4 THE GENERAL FUND UNALLOCATED BALANCE

- 4.1 A number of issues requiring revenue funding in this year have been highlighted and are detailed in Table 2:

Table 2 – Movements from general fund unallocated into budget 2013/14

Reserve	2013/14 £ Release to Revenue Budget	2013/14 £ Release to Revenue Budget
Elections Cover – Executive 27 Aug 2013	42,000	
Grass Cutting Gateways – Executive 27 Aug 2013	13,000	
Project Management Pool – Council 12 Sep 2013	27,000	
Property & Building Contract PYE – Executive 1 Nov 2013	20,000	
Return of Nuclear Funding – Council 26 June 2013	-44,000	58,000
Pension Deficit: unallocated general fund reserve	420,000	
Pension Deficit: risk based general fund reserve	180,000	600,000
TOTAL		658,000

- 4.2 The creation of a new earmarked reserve is discussed fully in the ‘earmarked reserve Review’ report, elsewhere in this agenda.

Table 3 – Movements from general fund unallocated for creation of earmarked reserve 2013/14

Reserve	2013/14 £ Release to Earmarked Reserves
Japanese Knotweed	20,000
TOTAL	20,000

- 4.3 An earmarked reserve report which is presented elsewhere on this agenda details a number of reserves, totalling £336k that can be released back to unallocated General Fund as they are no longer required.

5 THE GENERAL FUND BALANCE

- 5.1 Taking into account all the movements as detailed in paragraphs 2,3 and 4 above the proposed position on the risk based and unallocated General Fund balance at 31 March 2014 is therefore as follows;

Table 4 – Summary of movements in general fund 2013/14

	Balance 1 April 2013	Additions in year 2013/14	Released from GF in year 2013/14	Released to GF in year 2013/14	Forecast balance 31 March 2014
	£'000	£'000	£'000	£'000	£'000
Opening balances					
Risk-based balance	2,180				2,180
Unallocated balance	1,065				1,065
Movements previously agreed					
Risk Based balance					
Unallocated balance		30	(58)		(28)
Proposals as per this report					
Risk-based balance			(180)		(180)
Unallocated balance			(440)	336	(104)
Closing Balances					
Risk based balance	2,180		(180)		2,000
Unallocated balance	1,065	30	(498)	336	933
Totals	3,245	30	(678)	336	2,933

6 RESOURCE REQUIREMENTS

- 6.1 The report details the financial requirement to utilise the council's general fund reserves to support the current budget and policy framework and that of 2014/15.

7 STATUTORY OFFICER COMMENTS

- 7.1 The Monitoring Officer's comments are: No further comments
- 7.2 The Section 151 Officer's comments are: Included in the report

7.3 EIA Comments:

7.4 Policy Framework:

Other consultee comments, if

8 HOW WILL THE PROPOSALS BE PROJECT MANAGED AND HOW ARE THE RISKS GOING TO BE MANAGED?

8.1 Through the monthly budget monitoring process in which management and finance staff work together to ensure financial reports are accurate and timely to assist the decision making process of the Council as a whole. Exceptions are reported monthly through Corporate Leadership Team and to Executive on a quarterly basis. It is also good financial practice to report the year-end position on revenue reserves as a consequence of the outturn.

9 WHAT MEASURABLE OUTCOMES OR OUTPUTS WILL ARISE FROM THIS REPORT?

9.1 The requirement to use reserves for the year and the level of general and earmarked reserves the Council will have available to support its revenue budget in future years.

List of Appendices

Appendix 1- General Fund Reserve

Appendix 2 – General Fund Risk Base Assessment

Appendix 3 – Strategic Risk Register

List of Background Documents:

Quarter 1 & 2 revenue financial monitoring reports

Appendix 1 RESERVES - GENER

	2012/13	2013/14				2014/15			2015/16		
	Balance Carried forward	Additions in Year	Released from GF in Year	Released to GF in year	Balance Carried forward	Additions in Year	Released in Year	Balance Carried forward	Additions in Year	Released in Year	Balance Carried forward
	£	£	£		£	£	£	£	£	£	£
General Fund Risk Based	-2,180,000				-2,180,000			-2,000,000			-2,000,000
Proposed use Pension deficit			180,000		180,000						
General Fund Unallocated	-1,065,030	-30,000	78,000	-336,370	-1,353,400	0	138,000	-795,400	0		-795,400
Proposed use Pension deficit			420,000		420,000						
Total General Fund	-3,245,030	-30,000	678,000	-336,370	-2,933,400		138,000	-2,795,400	0	0	-2,795,400

Contribution Budget report Full 21/2/12

-30,000

Full Council 20/6/13

Nuclear Funding from EMR not GF

-44,000

Exec 27/8/2013

Elections cover

42,000

Grasscutting gateways to towns

13,000

Full Council 12/9/13

Project Mgt Pool Extension

27,000

Exec 6/11/13

Property & Building Maintenance Contract 1/11/13 half £40k

20,000

This report 'knotweed' emr

20,000

78,000

Change Board 27/11/13

Release of EMR to GF to fund Pension Deficit

Transformation fund

-100,000

Members Induction

-5,000

Seawalls

-9,270

Universal Credit

-50,000

Welfare Support

-40,000

Beacon Museum

-10,000

Bin Replacement

-30,000

Development Control

-5,000

Planning for Nuclear

-30,000

Weddicar Planning

-57,100

-336,370

Appendix 2 - RISK ASSESSMENT OF LEVEL OF RESERVES - 2014/15

Potential Risk	Risk Score	Weighting	Financial Exposure (£000)	Balance Required (£000)	Comment (Basis of Financial Exposure)
Base Budget Contingency for inflation or other unanticipated rise.	4	50%	100	50	Assumed at 1% of Net Revenue Budget
Underachievement of Charges Income targets and spending exceeds budgets	4	50%	232	116	Estimate of 10% Charges Income forecasts for 2014/15
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business rate - safety net	6	75%	165	165	annual funding if fall into safety net - plus cashflow costs
underachievement of council tax revenues	4	50%	360	180	Assumed at 1% of Net Revenue Budget
future pension changes and pensions deficit	6	75%	526	395	Assumed payback over 19 years and new CARE mitigates some increases - 7% average deficit if pension returns and repayment plan not sufficient
Emergency Contingency	6	100%	500	500	Emergency contingency fund - allocate £0.5m for any unforeseen emergencies eg cliffs/ shafts
TOTALS			3,340	2,073	
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Minimum Risk Based Reserve Balances				1,670	
Recommended Level of General Risk Based Reserves (Projected as at 31/03/13) (General Fund)				2,000	
Projected (Shortfall)/Excess of Current Risk Based Reserve Balance over Risk Assessment Above				-73	

NOTES

Projected Net Revenue Budget for 2014/15 as per MTFS 23/12/13		10,000	
Calculation of Bellwin	Potential Cost of emergency	1,000	
	0.2% of Net Revenue Expenditure	20	a
	Applicable for Bellwin	980	b
	Up to 85% Eligible to be reclaimed	833	c
	Potential cost to Council	167	(a+b-c)

RISK SCORES AND WEIGHTINGS

IMPACT	LIKELIHOOD						
		Low		Significant		High	
	High	3	50%	6	75%	9	100%
Medium	2	25%	4	50%	6	75%	
Low	1	25%	2	25%	3	50%	

Appendix 3 - Strategic Risk Register 2013/14

Risk Description 1: Securing financial viability								
Risk Score	Likelihood - Very High (6), Impact - Critical (3)							
Vulnerability/contributing factors	Trigger(s)/Event(s)	Potential Impact/Consequences	Risk owner	Date Identified	Action/ Controls already in place	Reguired management action/control	Critical Success Factors & KPIs	Review date
<ul style="list-style-type: none"> Following the recent budget announcement, the settlement has given even more uncertainty A number of national policy changes which impact on finances e.g. localised business rates and council tax Volatility of finances e.g. over or under achieving Scale and pace of the financial targets Limited or unknown ability to secure additional income (link to assets) 	<ul style="list-style-type: none"> Medium Term Financial Plan (MTFP) identifies 2.5 million reduction over 2 years Failure to define core business Not achieving buy in to make that reduction Securing the decision Implementation of the savings Unknown Settlement Impact of County Council decisions e.g. recycling Cuts in other public services – impact on the Council – leading to increase demand of council services 	<ul style="list-style-type: none"> Not being able to fund core business Affect the most vulnerable in society Increase demand on services e.g. homelessness Lead to a different change programme Less prepared for alternative delivery models Credibility/Reputation (personally and as an organisation) Inability to achieve investment in priority areas based on evidence/need Slash and burn 	Chief Executive with Head of Corporate Resources	05/07/12	<ul style="list-style-type: none"> Change Board established to oversee the corporate change programme Close scrutiny of the MTFS A clear process for delivering a policy lead budget agreed 	<ul style="list-style-type: none"> Continuing close scrutiny of MTFS Monthly budget monitoring Change Programme Board meets regularly to deliver planned actions 	<ul style="list-style-type: none"> Monthly budget monitoring Achieve outcomes and targets for all projects Change Programme Board meets regularly 	Monthly

Risk Description 2:		Lack of capacity, resources and capability to deliver the change programme						
Risk Score		Likelihood –Very High (6), Impact - Critical (3)						
Vulnerability/contributing factors	Trigger(s)/Event(s)	Potential Impact/Consequences	Risk owner	Date Identified	Action/ Controls already in place	Required management action/control	Critical Success Factors & KPIs	Review date
<ul style="list-style-type: none"> Scale and pace of change – immediate volume of work Imperative behind the changes (incremental change not sufficient) Managing and leading the change (significant transformation required) Change fatigue (3 years) Transformation change 'v' normal service delivery Risk of losing key staff – staff thinking what's best for them Recruit and retain elected members 	<ul style="list-style-type: none"> Loss of key staff Reliance on good will (pushed too far) Failure to define core business Partnership breakdown (over reliance on partnerships) Prioritisation – failure to prioritise Leadership and management of the change programme insufficient Insufficient capacity to deal with the scale and pace of change required Loss of existing elected members 	<ul style="list-style-type: none"> Business Continuity Organisational resilience Don't deliver key services Performance declines Core services don't get delivered to those who most need them Reputation Staff absenteeism Morale 	Chief Executive	05/07/12	<ul style="list-style-type: none"> New Corporate Leadership team in place & Change Programme Board established New Performance Appraisal System in place Core curriculum devised & delivered Competency Framework in place North West Employers continue to support Process for delivering policy led budget devised & underway Resources 	<ul style="list-style-type: none"> Change Programme Board to deliver change programme. CLT to monitor organisational performance & wellbeing Continue with change support for staff Change Management Policy C2C Budget to support organisational change Transition Funding 	<ul style="list-style-type: none"> Employee & Resident satisfaction Change Programme Board to deliver change programme on time & to standard Staff turnover Absenteeism Staff retention 	Quarterly

					allocated and underway for Organisational Development			
					Member Development			
					Member briefings			

Risk Description 3: Challenge/Judicial review								
Risk Score	Likelihood – Significant (4), Impact - Critical (3)							
Vulnerability/contributing factors	Trigger(s)/Event(s)	Potential Impact/Consequences	Risk owner	Date Identified	Action/ Controls already in place	Reguired management action/control	Critical Success Factors & KPIs	Review date
<ul style="list-style-type: none"> Decisions that will have an impact on local communities Potential reduction in discretionary services (high visibility) A safe decision (appropriate and timely decision) – process needs to be proportionate, robust and safe Community appetite to challenge decisions unknown 	<ul style="list-style-type: none"> Failing to consult or communicate appropriately Failure to deliver to the timetable Risk of pre-determination Ineffective process in place Insufficient resources devoted to the decision-making process 	<ul style="list-style-type: none"> Financial loss Reputation damage Need to start the process again Lost time Lost saving (linked to MTFS) 	Chief Executive with Head of Policy & Transformation	05/07/12	<ul style="list-style-type: none"> Project Management Training delivered Policy Forecast Change Programme Board established Decision making process devise and agreed Equality Scheme and approach to EIAs agreed. Public Consultation complete 	<ul style="list-style-type: none"> Consultation plan and delivery mechanism to be agreed Key stakeholders to be engaged 	<ul style="list-style-type: none"> Consultation plan devised and delivered on time. Engage key stakeholders 	Monthly

Risk Description 4:		Maintaining focus on the Council's core business						
Risk Score	Likelihood - High (5), Impact - Critical (3)							
Vulnerability/contributing factors	Trigger(s)/Event(s)	Potential Impact/Consequences	Risk owner	Date Identified	Action/ Controls already in place	Reguired management action/control	Critical Success Factors & KPIs	Review date
<ul style="list-style-type: none"> Gaining consensus over core business Gaining agreement about what to stop Ineffective employment of resources 	<ul style="list-style-type: none"> Maintain focus on core business Not following through on a decision Holding the line 	<ul style="list-style-type: none"> Business Continuity Organisational resilience Performance falls Affect the most vulnerable in society Inability to achieve investment in priority areas based on evidence/need Reputation 	Chief Executive	05/07/12	Change Programme Board established Decision making process agreed Performance Management Framework established MTFS	Effective communication with stakeholders, partners and staff Consultation plan to be agreed and delivered Continue to monitor MTFS Corporate Plan Service Plans Stops List Change Programme Board established	MTFS Customer Satisfaction – new target and regular monitoring Budget delivered Service Plan delivery monitoring by CLT	Quarterly

Risk Description 5:		Inability of the Council to make the necessary decisions in a timely way						
Risk Score		Likelihood –High (5), Impact - Critical (3)						
Vulnerability/contributing factors	Trigger(s)/Event(s)	Potential Impact/Consequences	Risk owner	Date Identified	Action/ Controls already in place	Reguired management action/control	Critical Success Factors & KPIs	Review date
<ul style="list-style-type: none"> Emotional response to make decisions Unpopular decisions Close knit community Elected members learning in their roles Cross council support 	<ul style="list-style-type: none"> Decisions overturned Individuals choosing to not participate in decision making Maintaining decisions 	<ul style="list-style-type: none"> Don't get clarity Can't deliver the MTFS Political fallout Uncertainty Reputation damage Morale issues 	Chief Executive with Director of Services	05/07/12	Change programme Board established Decision making process agreed Joint regular sessions with Informal Executive Regular Member briefings on key issues. Member & staff engagement Setting priorities	Effective communication with stakeholders Continued staff engagement Communicate need for change Scenario Planning Training & Development programme for Officers and Members	MTFS Consultation plan devised and delivered	Monthly

Risk Description 6: Making partnerships work during times of significant change								
Risk Score	Likelihood - High (5), Impact - Critical (3)							
Vulnerability/contributing factors	Trigger(s)/Event(s)	Potential Impact/Consequences	Risk owner	Date Identified	Action/ Controls already in place	Reguired management action/control	Critical Success Factors & KPIs	Review date
<ul style="list-style-type: none"> Some partners are in the same position (public sector partners e.g. austerity measures) Capacity is therefore reduced Not sure which partners the Council is reliant on (which partners are most important to deliver the change agenda) Strategic alignment of key partnerships Reducing partnership arrangements to a small number of 	<ul style="list-style-type: none"> Each agency having to make its own savings Lack of joined approach to savings programme and impact analysis Retrenchment of partners Lack of capacity to work together on known issues Taking resources out of partnership arrangements (cash and people) Will need to re-prioritise partnership arrangements around agreed priorities The need for new and different partners 	<ul style="list-style-type: none"> Ability to work differently in the future to maintain service provision Reputational impact Ability to maintain key relationships and the benefits associated with them 	Director of Services	05/07/12	<p>Copeland Partnership Assessment & Priority Process (link to Corporate Plan priority 2)</p> <p>Cumbria Chief Executive Officers group</p>	<p>Review partnerships and partnership arrangement</p> <p>Stakeholder/Partner Engagement Plan</p> <p>Priority Setting</p> <p>Match skills to deliver for the future</p> <p>Review of New Nuclear Governance Framework and Strategic Partnership Meetings</p>	Number of relevant and sustainable partnerships	Quarterly

strategic partnerships Realising the best opportunities through partnership working								
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Risk Description 7: Failure to design services to meet the needs of the most vulnerable in the community								
Risk Score	Likelihood - High (5), Impact - Critical (3)							
Vulnerability/contributing factors	Trigger(s)/Event(s)	Potential Impact/Consequences	Risk owner	Date Identified	Action/ Controls already in place	Reguired management action/control	Critical Success Factors & KPIs	Review date
<ul style="list-style-type: none"> Customers who are most vulnerable will be most affected by any reduction in service delivery Role of a district council Need to invest in service areas which support the most vulnerable in the community Most vulnerable in 	<ul style="list-style-type: none"> Lack of evidence of need or impact Taking decisions that have multiple impacts on the same communities Not identifying opportunities to work differently to help maintain services for those most in need Not engaging the hard to reach in the decision-making process 	<ul style="list-style-type: none"> Communities and residents suffer Health-related impacts worsen Community cohesion challenged Demand for public services increase Reputational issues for the Council Staff morale as unable to help those most in need or sustain these services most needed 	Director of Services	05/07/12	<ul style="list-style-type: none"> Key services being delivered for those in need. Partnership work around financial inclusion 	<ul style="list-style-type: none"> Community Needs Analysis Consultation Plan devised and agreed Stakeholder Engagement Alternate ways of working analysis Working with partners around delivery 	<ul style="list-style-type: none"> Ill Health IMD data Fuel Poverty Child Poverty Consultation respondent profiles EIA for services Investment Profile for each service Relevant and sustainable partnerships 	Monthly

society experience multiple impacts <ul style="list-style-type: none"> • Most likely to be struggling at household level • Least likely to have a voice in the decision-making process 								
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Risk Description 8:	Reputation – Deleted March 2013
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Risk Description 9	The role of the Council within Nuclear and Energy sectors
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Risk Score	Likelihood - Very High (6), Impact - Critical (3)
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Vulnerability/contributing factors	Trigger(s)/Event(s)	Potential Impact/Consequences	Risk owner	Date Identified	Action/ Controls already in place	Reguired management action/control	Critical Success Factors & KPIs	Review date
<ul style="list-style-type: none"> • Failure to represent the community nuclear and energy related projects, including issues relating to radioactive waste management and disposal • Failure to meet statutory obligations 	<ul style="list-style-type: none"> • Failure to retain staff • Failure to retain skills • Inability secure funding for staff resource • NSIP and GDF programme slippage • PPA commitments not met 	<ul style="list-style-type: none"> • Failure to represent the community • Inability to influence industry and government agenda to ensure recognition of Copeland’s unique role in the sector • Failure to secure community benefits 	Director of Services	12/9/12	On going match of staffing to external funding opportunities PPA’s in place Engagement with industry and government – ensuring representing on national bodies	PPA monitoring, nuclear programme updated Review and implementation of governance structure for collaborative/partnership working within nuclear and energy sector	Milestones and regulatory requirements met	6 monthly

through NSIP (Nationally Significant infrastructure projects) (New Build and New Grid) process.		<ul style="list-style-type: none"> Failure to regeneration and economic benefit from new development 			and representative groups			
<ul style="list-style-type: none"> Failure to support commitments to GDF process 								

Risk Description 10:		Meeting statutory responsibilities during a time of budgetary change						
Risk Score		Likelihood - High (5), Impact - Critical (3)						
Vulnerability/contributing factors	Trigger(s)/Event(s)	Potential Impact/Consequences	Risk owner	Date Identified	Action/ Controls already in place	Required management action/control	Critical Success Factors & KPIs	Review date
<ul style="list-style-type: none"> Failure to identify all statutory obligations and where these are met within the organisation Impact of budget reductions on ability to carry out statutory duties Failure to identify new and changing requirements Failure to retain 	<ul style="list-style-type: none"> Failure to retain critical organisational knowledge Failure to retain staff 	<ul style="list-style-type: none"> Failure to achieve could result in financial penalties. 	Chief Executive	08/08/12	Identified different service types	<ul style="list-style-type: none"> Monitor new and emerging requirement Monitor continued delivery of existing requirements 	<ul style="list-style-type: none"> Meet statutory requirements Meeting regulatory requirements e.g. INSPIRE Investment required to meet new/emerging statutory requirements 	Quarterly

<ul style="list-style-type: none"> sufficient critical Financial penalties Failure to retain critical mass to meet statutory obligations 								
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Risk Description 11: NNDR & the Growth Strategy								
Risk Score	Likelihood - High (5), Impact - Critical (3)							
Vulnerability/contributing factors	Trigger(s)/Event(s)	Potential Impact/Consequences	Risk owner	Date Identified	Action/ Controls already in place	Reguired management action/control	Critical Success Factors & KPIs	Review date
<ul style="list-style-type: none"> Changes in Local Government Finance means that income from NNDR is no longer guaranteed due to new collection procedure Growth of businesses does not happen and level of appeals means overall rateable value drops Success & strength of LEP 	<ul style="list-style-type: none"> Businesses enter into the appeals procedure Failed /successful bids (eg RGF) 	<ul style="list-style-type: none"> Loss of income (£165,000) if drops below base level Loss of funded growth projects Stalled development 	Chief Executive	27/03/13	<ul style="list-style-type: none"> Service Plans Corporate Plan Pipeline development projects Albion Square construction NDA property strategy 	<ul style="list-style-type: none"> New monthly monitoring of NNDR Councils response to Hestletine’s review (TBA) New Growth Strategy (TBA) Role of the Council on LEP (TBA) Prioritisation of BEC enabling funding Council lead on SL Socio economic working group and plans Whitehaven Town 	<ul style="list-style-type: none"> NNDR Collection performance No of bankruptcies Number of appeals No of new business start ups Total rateable value outwith Sellafield Developments completions 	Quarterly

						Centre MasterPlan		
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Risk Description 12:		Maintaining the Robustness and Integrity of Business Systems						
Risk Score		Likelihood – High (5), Impact - Critical (3)						
Vulnerability/contributing factors	Trigger(s)/Event(s)	Potential Impact/Consequences	Risk owner	Date Identified	Action/ Controls already in place	Regiured management action/control	Critical Success Factors & KPIs	Review date
<ul style="list-style-type: none"> At a time of downward budget pressures and significant organisational change we need to continue to invest in underlying business systems to ensure systems remain fit for purpose and ensure Business Continuity 	<ul style="list-style-type: none"> Implementing the vision and the role of the Council 2015 Upgrades Information Security Digitalisation - part of the change programme Audit & Inspection Business Continuity 	<ul style="list-style-type: none"> Business Continuity Organisational resilience Performance declines Service delivery interrupted/ delayed. Reputation 	Chief Executive	05/06/13	<ul style="list-style-type: none"> Change Board oversee the change plan IT policies & procedures Improved Information Management & procedures Active approach to known issues Planned approach to IT upgrades & swap outs Consider approach to IT investment 	<ul style="list-style-type: none"> Invest in underlying business systems IT strategy work Planned approach to Digitalisation of services Monitoring of planned approach to IT investment Issues monitoring by Change Programme Board 	<ul style="list-style-type: none"> Availability of key systems Minimising outage Return on Investment for IT Compliance with regulation standards 	Monthly

Horizon Scanning – Risks that can be identified but insufficient detail to action at this time

- Welfare Reform – Universal credit
- Local Land Charges Litigation
- Local Government Finance Bill
- Resource/Capacity – single points of failure
- External Funding
- Emergency Planning situations – impact on resources
- New GDF Process
- Data Management

Risk Matrix

The Strategic Risk Register contains risk scoring. Two scores are given on each risk; one of the likelihood that the risk could happen (6=Very High to 1=Almost Impossible) and second, what the scale of the impact could be if that risk occurs (4=Catastrophic to 1=Negligible).