

**Budget Risk 2006-2007:  
Strategic and Corporate Risks Identified in the Risk Register**

**Appendix I**

Risk	Principal Risk Financing Mechanisms			
	General Reserves	Earmarked Reserves/Provisions	Insured	Service Budgets/Budget Process
Accommodation strategy	✓			✓
Housing Choice	✓	✓		✓
Disruption to business continuity	✓		✓	
Harm to vulnerable people	✓		✓	
Development of ICT/eGovernment				✓
Future funding uncertainty	✓			✓
Pension Fund liabilities	✓			✓
Major capital schemes		✓		✓
Financial systems failures	✓			
Disruption to revenue collection systems	✓			
Procurement of waste disposal contract	✓			✓
Failure of business critical IT application	✓			✓

## Budget Risk 2006-2007: Key Risk Areas in Directorate/Service Budgets

## Appendix I

Risk Area & Nature of Risk	Directorate	Value of Risk £000s	Budget Treatment/Measures to Mitigate Risk
<p><b>Building Schools for the Future</b></p> <p>The commitment to Building Schools for the Future is substantial. Education has identified internal resources to support the early development phase of BSF but, as the programme moves forward it is the experience of the pilot Authorities that significant resources have to be committed to the programme. The funding mechanism allows for this as we enter the procurement stage but it is likely that the Council will need to look at ways of supporting the front end of the programme, particularly in making links across the various regeneration programmes.</p>	Education	Not quantified	<p>A formal risk register is maintained for this project and reviewed at each meeting of the Project Board. BSF is monitored by Partnerships for Schools, a Government sponsored body. A compulsory Gateway Review process is a requirement of PFS. Gateway reviews assess readiness to proceed based on an evaluation of progress and programme management. Initial funding to manage the programme has been allocated. Consideration will need to be given to allocating additional sums from the Education capital programme for 2006/07 and 2007/08.</p>
<p><b>Children's Services</b></p> <p>Education is absorbing any additional costs associated with the integration of Children's Services through non-cashable efficiencies. As the settlement has only provided sufficient to fund inflation, the flexibility within the Education Budget has been reduced.</p>	Education	100	<p>Confirmation of the Children's Services Grant for 2006-07, combines existing grant for Adoption Support, Choice Protects, Vulnerable Children and new funding to help authorities to implement Every Child Matters.</p>

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<p><b>Charitable Funding</b></p> <p>Charitable funding - risk of charitable benefactors withdrawing extra cash available for out of schools hours learning and Key Stage 3 science support, as grant becomes more mainstreamed.</p>	Education	850	Maintain links with external funding providers;
<p><b>Demand Led Budgets</b></p> <p>Given the range of National and Local service pressures in Social Services, the demand led commissioning budgets remain potentially volatile and the level of continuing risk needs to be noted.</p>	Social Services	Up to £3m	There is an inherent, but managed risk that anticipated volume growth in Adults and Children's Services could be exceeded, as identified in 2006/07 growth proposals. Tight monitoring of client budgets remains a high Directorate priority.
<p><b>Waste Disposal</b></p> <p>Delays to construction of contractors Waste Treatment Plant, resulting in potential additional costs from LATS penalties due to difficulty in diverting waste from Landfill.</p>	E & C	500	Purchase of LATS credits in 2005/2006 at reduced cost utilised to offset potential penalties in 06/07 and 07/08.

<p><b>Crossrail</b></p> <p>Petitioning the Crossrail bill will have significant cost implications through the need to fund consultation, legal and specialist consultancy fees.</p>	<p>Development and Renewal</p>	<p>Not quantified</p>	<p>The Authority incurs all initial expenditure involved in petitioning the bill. It will then apply to the Select Committee to recover costs but reimbursement is not guaranteed.</p>
<p><b>Access to Employment External Funding</b></p> <p>Potential loss of funding due to the expiry of various external sources of income including the DWP's Action for Jobs programme.</p>	<p>Development and Renewal</p>	<p>180</p>	<p>Some budget provision but highlighted as a risk in the D&amp;R budget report. Alternative sources of external funding are actively being sought.</p>
<p><b>Land Charge Search Income</b></p> <p>A fall in the income arising from land charge searches may arise due to general economic conditions. In addition, a significant increase in the number of on-line search applications would cause a budgetary pressure because these generate a lower net fee.</p>	<p>Development and Renewal</p>	<p>100</p>	<p>Budget estimate in excess of £1.2 million in 2006-07. The projected shortfall against the estimated income in the 2005-06 budget is £150,000. The 2006-07 original estimate has therefore been reduced accordingly but the level of fee income is driven by external economic factors.</p>

<p><b>Planning Fee Income</b></p> <p>A reduction in income from planning fees, particularly the high earning major applications that the projected income is heavily dependent upon.</p>	<p>Development and Renewal</p>	<p>150</p>	<p>Budget estimate in excess of £1.3 million in 2006-07. Planning fee income levels fluctuate greatly. Income is demand led and dependent upon external economic factors over which the Authority has little control. The Directorate is closely monitoring all receipts and is investigating alternative income sources.</p>
<p><b>Environmental Impact Assessments</b></p> <p>Under legislation an EIA must now be undertaken for all major development proposals. There is no provision within the Government set planning fee structure to recover these costs.</p>	<p>Development and Renewal</p>	<p>100</p>	<p>Highlighted as a risk in the D&amp;R budget report. No budget provision but the Directorate is investigating potential methods of funding e.g. linking to Section 106 receipts</p>
<p><b>Legal Support for Major Projects</b></p> <p>The scale and the number of projects proposed for the authority under the Growth Agenda for London means that the council will frequently need to seek specialist legal advice.</p>	<p>Development and Renewal</p>	<p>150</p>	<p>Increased costs might partially be offset against the Section 106 receipts arising from some of the projects.</p>

<p><b>Homelessness –Prevention Agenda</b></p> <p>Our homeless prevention strategy is successful and our published target is a 5%+ reduction in the portfolio of temporary accommodation, to be achieved year on year. In addition, the Government has announced national targets to reduce numbers in temporary accommodation by 50% by 2010.</p> <p>A significant reduction in homelessness and consequent loss of administration fee income could result in future funding pressures.</p>	<p>Housing (General Fund)</p>	<p>250</p>	<p>Regular monitoring of the temporary accommodation portfolio and associated administrative costs budgets.</p>
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