

Top Risks - Managing the Council's Finances and Delivery of the Outcomes from the Museums FSR

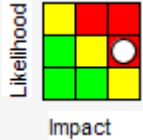
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Top Risk Code & Title	<u>TR08 Managing the Council's finances</u>
<p>Description</p>	<p>Managing the Council's finances and achievement of objectives during a period of economic uncertainty. The Government now presents funding changes in terms of overall "spending power" and reductions are projected to be no more than 6.9% for any authority. However, it should be noted that whilst Revenue Support Grant is guaranteed, funding from Business Rates is not. All factors being equal if the Authority collects Business Rates inline with the NDR Baseline the retained amount should be comparable with the Baseline Need Amount. The Authority would not be protected from an initial fall in business rates collection until the safety net figure was reached, i.e. business rates due to NHDC could fall by 7.5% before safety net funding was received NHDC has cut over £10 million in recent years and it is currently projected that £3.8m needs to be found for the five years commencing 2014/15. There will be a 1% limit on pay inflation for 15/16, extending the current assumption for 14/15. The provisional Finance Settlement, following the Autumn Statement, was announced in mid December 2013. This confirmed a continuation of funding restrictions, although a decision on top-slicing New Homes Bonus was deferred to Easter 2014. A 2% cap will also be applied to the Business Rates multiplier from 2014/15, although the local government shortfall is to be addressed, at least in the short-term, via specific Government grant funding. Council Tax threshold principles (i.e. requirement for a referendum) are to be announced early in 2014. The Govt have indicated an intent to deliver a budget surplus by 2020, which requires ongoing budget cuts, at an increasing rate, until then. Meeting the statutory requirement to set a balanced budget each year.</p> <p>Risks are:</p> <ul style="list-style-type: none"> -Decline in staff morale and service resilience, inability to provide adequate service levels in times of increasing demand due to impacts of benefit cuts, -inadequate funding to meet Priorities for the district. -Interest rates do not increase -Failure to manage expectation of the public -Failure to meet customers demands and needs -Failure to manage the public's reaction to the potential loss of discretionary services. -Failure to have sufficient financial management skills in service managers (reduction in back office support staff leads to greater financial management responsibilities being put on budget holders. This potential risk identified by Grant Thornton for local govt.)
<p>Opportunities</p>	<p>The Council's medium-term financial strategy, budgets and capital programme are soundly based and designed to deliver its strategic priorities. The Council manages performance against budgets and manages its asset base. New Homes Bonus funding, although note potential for amendment by Easter 2014, and ability to set planning fees locally</p>
<p>Consequences</p>	<ul style="list-style-type: none"> • Cuts in services impact on the achievement of the Council's vision • Failure to bring budget base to manageable/affordable level & achieve efficiency target

	<ul style="list-style-type: none"> • Significant under or over spends on revenue budgets • Deferment of planned projects leads to inability to deliver the Priorities for the District • Failure to satisfy external assessment of value for money • Inability to deliver proposed efficiencies due to public campaigns • Cuts in services impact on the achievement of the Council's vision 		
Service Area	Finance, Performance & Asset Management		
Lead Officer	Andy Cavanagh	Cabinet Member	Portfolio Finance & IT
Current Risk Matrix			
Current Impact Score	3	Current Likelihood Score	1
Date Reviewed	13-Jan-2014	Next Review Date	13-May-2014
Work Completed	<ul style="list-style-type: none"> • Annual review of financial strategy - latest review July 2013 Use of capital funds for schemes that reduce future revenue liabilities and/or increase income generation opportunities to be prioritised • Head of Service workshops undertaken to facilitate better understanding of corporate business planning process and agree the way forward • Benchmarking of key corporate/support services • statutory/discretionary split of services undertaken once again • Budget review process brought forward for 2014/2015, continuing the process first set in 11/12 • clear links to priorities and scoring mechanisms • detailed assessment of all service areas, with feedback to Challenge board • efficiency & investment targets now been discussed at second round of Member budget workshops Revenue budget target for 14/15 exceeded, although work required for later years • inclusion of financial management responsibilities in job descriptions and person specifications for budget holders 		
Ongoing Work	<ul style="list-style-type: none"> • budget gap for 14/15 addressed - therefore risk matrix assessed as high/low on this basis. However, structural issues remain for following years. Timely and accurate performance monitoring – quarterly reporting to Senior Management & Cabinet of key expenditure on higher risk areas and on key income (land charges/planning fees, car parking) • continue with subscription to LG Futures financial briefings • exploration of collaborative procurement options • VFM reviews for 13/14 completed - financial services, accolaid, planning policy • training opportunities for non-financial managers 		

Top Risk Code & Title	<u>TR39 Delivery of the outstanding outcomes from the FSR of the Museum Service</u>		
Description	<p>To secure agreement and implement plans for one gallery, museum and community venue in a town centre location. To improve storage and research facilities. It is currently the Council's intention to convert Hitchin Town Hall to a joint community facility under and as the location for the district museum. Some storage will be available at the Town Hall but further consideration needs to be given to the requirement for storage/workshop and research facilities. Although we have attempted to comply with DDA, currently existing buildings and collections are not fully accessible to all.</p> <p>The risks to the current project are:</p> <ul style="list-style-type: none"> - Completing the project by late June 2015 - Identifying currently unknown issues with the building during restoration, impacting on time, costs and potentially quality of the project - Relationship and effectiveness of the design team and main contractor - Effectiveness of Project Board in controlling the project - Failure to obtain Phase 2 HLF grant aid to support the fit out of the museum - Failure to select the best contractors or use the best method to deliver the construction of the project - Failure to select the best contractors or use the best method to deliver the fit out of the museum - Loss of or unavailability of or capacity of key personnel at NHDC - Loss of or unavailability of or capacity of key personnel at Hitchin Town Hall Ltd and potential failure to mobilise resources to operate the building <p>The risks to the museum service arising from the proposal are:</p> <ul style="list-style-type: none"> - The future viability of a museum service if the project does not proceed - Continuing use of existing buildings if the project does not go ahead 		
Opportunities	<ul style="list-style-type: none"> - Provide new museum - Improve storage - Achieve revenue savings - Safeguard important community facility for public use 		
Consequences	<ul style="list-style-type: none"> - Quality and lack of storage capacity impacts on management and interpretation of collections (negative impact on quality of service) - Quality of facilities remains poor (negative impact on quality of service) - Services become unsustainable (financial, quality and HLF grant issues) - Poor value for money - Any time delays will have a significant negative financial impact on NHDC with financial penalties accruing - Increased capital and revenue costs to NHDC if project is implemented but Hitchin Town Hall Ltd. withdraw prior to completion and do not fund the capital build or if there are any delays in completion - Reputation risk of the project not proceeding is significant 		
Service Area	Customer Services		
Lead Officer	John Robinson	Cabinet Member	Portfolio Community Engagement & Rural Affairs

<p>Current Risk Matrix</p>			
<p>Current Impact Score</p>	<p>3</p>	<p>Current Likelihood Score</p>	<p>2</p>
<p>Date Reviewed</p>	<p>11-Feb-2014</p>	<p>Next Review Date</p>	<p>30-Sep-2014</p>
<p>Work Completed</p>	<ul style="list-style-type: none"> • Council has authorised the project • The Council and Hitchin Town Hall Ltd. have signed the development agreement • Project being managed under PRINCE2 and Project Board including representation from all parties established • Key organisations are represented on specific projects • Arts, Museums and Heritage Forum meets regularly/receives regular newsletters • Letchworth & Hitchin museums remained open until September 2012 • Object assessment for the new museum has begun • Link between asset management group and project board for museums in place • Business plan in place with Hitchin Town Hall Ltd. • Planning Committee gave planning permission at the 17th March meeting • OJEU procurement for supervising architect completed • Specialist VAT advice obtained and HMRC have confirmed partial exemption will be allowed for 2012/13 • HLF bid Phase 1 successfully achieved - £123,400. • Audience development consultant appointed. Consultation with range of user/non-user groups took place, report written • Hitchin Town Hall closed to the public • Development of tender for main contractor and tender for exhibition fit-out designer completed • Award contract to main contractor, with contract due to be signed weekending 3 November 2013 • Award contract to designer for the fit out work, contract signed and returned 		
<p>Ongoing Work</p>	<ul style="list-style-type: none"> • Arts, Museums and Heritage Forum meets regularly/receives regular newsletters • Regular exception reports provided for Cabinet, Hitchin Area Committee and Members via MIS • Key organisations are represented on specific projects • Work undertaken with partners to develop a specific storage facility, however, the need to deliver efficiencies has pushed the development of one museum to the fore • Key collections are being digitised to enable them to be published on the web • Main contractor given possession of site in October 2013, work commence November 2013 with a 57 week build contract. • HLF bid Phase 2 submitted middle of November 2013. Decision due March 2014 		