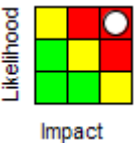


# Managing the Council's Finances

Generated on: 31 July 2019



|                         |   |                           |                                 |
|-------------------------|---|---------------------------|---------------------------------|
| <b>Risk Code</b>        | CR08  | <b>Risk Title</b>         | Managing the Council's Finances |
| <b>Risk Owner</b>       | Ian Couper  | <b>Updated By</b>         | Ian Couper                      |
| <b>Year Identified</b>  | 2003  | <b>Corporate Priority</b> | Responsive and Efficient        |
| <b>Risk Description</b> | <p>As a result of:</p> <ul style="list-style-type: none"> <li>- Uncertainty of income from business rates</li> <li>- Loss of Revenue Support Grant (including negative RSG)</li> <li>- Loss of or reduction in New Homes Bonus</li> <li>- Reduction in investment income</li> <li>- Proposed efficiencies taking longer to deliver than estimated</li> <li>- Proposed efficiencies not achieving estimated results</li> <li>- Failing to take opportunities to generate or increase income</li> <li>- Transfer of further functions to Local Government without adequate funding</li> <li>- Impact of 75% Business Rates Retention and revised fair funding formula in 2020/21 (or later)</li> <li>- Continued inflationary and demographic pressures across Local Government, accompanied by a level of total funding that is reducing</li> </ul> <p>Risks are:</p> <ul style="list-style-type: none"> <li>- Failure to meet the statutory requirement to set a balanced budget each year</li> <li>- Decline in staff morale and service resilience</li> <li>- Inability to provide adequate service levels in times of increasing demand due to impacts of benefit reforms</li> <li>- Inadequate funding to meet priorities for the district</li> <li>- Failure to manage expectation of the public</li> <li>- Failure to meet customers' demands and needs</li> <li>- Failure to manage the public's reaction to the potential loss of discretionary services</li> <li>- 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)</li> </ul> |                           |                                 |
| <b>Opportunities</b>    | <ul style="list-style-type: none"> <li>- The Council's medium term financial strategy, budgets and capital programme are soundly based and designed to deliver its strategic objectives</li> <li>- The Council manages performance against budgets and makes best use of its asset base</li> <li>- Increased powers (e.g. trading) arising from the Local Government Act 2013</li> </ul>  |                           |                                 |
| <b>Consequences</b>     | <ul style="list-style-type: none"> <li>- Cuts in services impact on the achievement of the Council's vision</li> <li>- Failure to bring budget base to manageable/affordable level and achieve efficiency target</li> <li>- Significant under or over spends on revenue budgets</li> <li>- Deferment of planned projects leads to inability to deliver the Corporate Plan</li> <li>- Failure to satisfy external assessment of value for money</li> <li>- Increase in complaints from the public about service levels</li> </ul>  |                           |                                 |
| <b>Work Completed</b>   | <ul style="list-style-type: none"> <li>- Annual review of financial strategy</li> <li>- Use of capital funds for schemes that reduce future revenue liabilities and/or increase income generation opportunities to be prioritised</li> <li>- MTFs reflects objectives to explore commercial income opportunities, generate income from assets, working with others (e.g. joint provision, joint procurement), review of statutory and discretionary service delivery and reviewing the capital programme</li> <li>- Consideration of longer-term service transformation</li> <li>- Budget review process</li> <li>- Assessing the links to Council/ Corporate priorities</li> <li>- Previously carried out benchmarking and detailed assessment of all service areas, with feedback to Challenge Board</li> <li>- Revenue budget efficiencies target achieved each year so far whilst maintaining reserve levels</li> </ul>   |                           |                                 |

|                             |  |                                 |   |
|-----------------------------|--|---------------------------------|---|
|                             | <ul style="list-style-type: none"> <li>- Inclusion of financial management responsibilities in job descriptions and person specifications for budget holders</li> <li>- Council Tax increases to maximise this as a source of income (including £5 increase/2.99% increases as allowed)</li> <li>- NHDC joined Business Rates pools and pilots as they have given the opportunity for beneficial position when they have been available</li> <li>- Raising awareness of financial constraints (with Officers and Members) and the shared responsibility in achieving a balanced budget</li> </ul>  |                                 |   |
| <b>Ongoing Work</b>         | <ul style="list-style-type: none"> <li>- Timely and accurate performance monitoring</li> <li>- Quarterly reporting to Cabinet on expenditure and income, including increased focus on higher risk areas and on key income (land charges, planning fees and car parking)</li> <li>- Land and property sales are being progressed, subject to Cabinet approval, with external support from property agents</li> <li>- Continue with subscription to LG Futures financial briefings</li> <li>- Exploration of collaborative procurement options and shared service delivery</li> <li>- Build on previous work with regard to income generation and cost reduction activities</li> <li>- Management will continue to ensure that service managers are engaged in the budgetary control process via management team meetings, briefings on the Council's financial position and day-to-day management</li> <li>- Regular financial updates ensure that issues are highlighted and resolved in a timely manner, that forecasts are based on information "from the bottom up" and therefore the overall financial resilience of the Council can be ascertained</li> <li>- Potential use of the Capital Receipts direction identified and kept under review</li> <li>- Continue to identify opportunities for savings and income generation, including areas where there would be an impact on services</li> <li>- Carrying out a review of statutory services and the level of service that the Council is required to provide (partially undertaken), to be aligned to budget consultation</li> <li>- Continual review of the capital programme in terms of what can be delivered and when</li> <li>- When the ongoing quantum of available funding (in the medium term) is known, to carry out a public budget consultation to assess spend priority areas for discretionary areas and to highlight the level of spend on discretionary services</li> </ul> |                                 |   |
| <b>Current Impact Score</b> | 3  | <b>Current Likelihood Score</b> | 3   |
| <b>Overall Risk Score</b>   | 9  | <b>Current Risk Matrix</b>      |  |
| <b>Date Reviewed</b>        | 26-Jul-2019  | <b>Next Review Date</b>         | 31-Jan-2020   |
| <b>Latest Note</b>          | <p>26-Jul-2019 Ongoing significant uncertainty over the funding that the Council can expect to receive for 2020/21 onwards. The launch of a new fair funding formula and 75% business rates retention, seems to be contingent on a multi-year spending review. This is unlikely to be taken through Parliament until Brexit has been resolved. It is therefore increasingly likely that there will be a 1 year spending review and a delay to the implementation of the new funding systems. This would mean a further delay to having a medium term view on funding and therefore an ability to plan budgets alongside this. Furthermore it would mean that funding in 2020/21 would be based to some degree on 2019/20 funding allocations, although it is unclear how negative RSG would be reflected in this.</p>  |                                 |   |