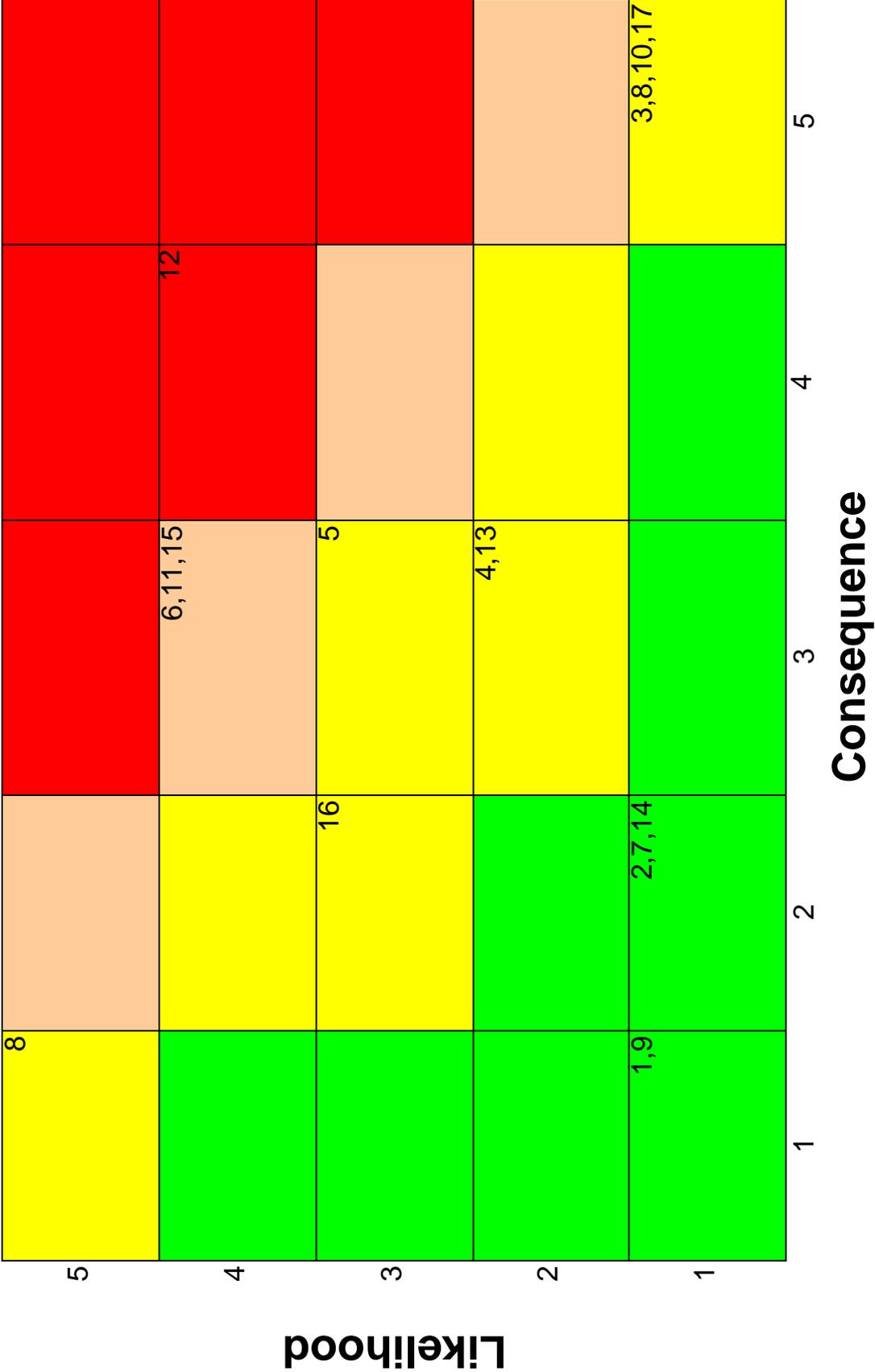


**2015/16 Budget Risk Matrix**



| No | Risk Title/Description  | Control  | Residual Risk Level |
|----|---|--|---------------------|
| 1  | Income Risks<br>Localisation of Council Tax Benefits                | A Local Council Tax Scheme has now been in place since April 2013, with collection rates performing well against forecasts. Prudent assumptions have been made in the financial modelling of the Council Tax Base, with regular performance and financial monitoring of the in year impacts. A demand led reserve has been created to mitigate against unexpected costs.   | 1                   |
| 2  | Impact of Welfare Reform and the implementation of Universal Credit | The Council has a dedicated Welfare Reform Board to lead a holistic approach of pro-actively preparing the Council for the on-going welfare reforms and implementation of Universal Credit. This includes looking at the anticipated service and financial impacts, delivering a communications programme to educate and inform those affected by the changes, and working with partners to ensure there is sufficient support and advice.   | 2                   |
| 3  | HCA Asset/Tariff could have unforeseen financial liabilities        | A Tariff risk reserve has been established to protect the Council to the level of the risk sharing agreement. Due diligence on the assets and Tariff have been undertaken to assess any unknown risks. The risk reserve was reviewed with Department for Communities and Local Government and Homes and Communities Agency earlier this year and agreement was reached for the reserve to remain in place until at least quarter 4 of 2015.  | 5                   |
| 4  | Impact of the business rates retention funding mechanism            | Revenue and Benefits team are pro-actively working with the Valuation Office to support the development of best practise, in addition to implementing a robust strategy to minimise business rate avoidance and to maximise the overall amount of collectable business rates. Improvements to financial modelling have been made to ensure there is greater financial visibility to monitor potential risks.   | 6                   |
| 5  | Ending of the Independent Living Fund (ILF)                         | The ILF will cease to exist after June 2015. Thereafter funding will be transferred to Local Authorities by the DCLG via Section 31 grants. This will cover the funding to existing ILF recipients for the 9 months from July 2015 to March 2016. Beyond March 2016 there is no certainty around funding (£800-£900k p.a.). Additionally there are potential risks around changes to packages of care that may result in the redundancy of care providers; costs for which will be borne by Local Authorities. | 9                   |

| No  | Risk Title/Description  | Control  | Residual Risk Level |
|---|---|--|---------------------|
| 6   | Continuing Health Care reviews.   | Joint (Health and Social Care) CHC/Community Care reviews of those in receipt of CHC funded packages of support are being undertaken. As a result, service users may no longer be eligible for CHC funded care, and would need funding from MKC Social Care. The consequence of this could then place additional burden on Adult Social Care budgets. The impact of the work is being closely monitored to assess potential financial risk to the Council.   | 12                  |
| 7   | Estimated income from Fees and Charges or new Income Generation schemes is not achievable.  | Budgets are set on a prudent basis considering current income being achieved or a robust proposal for new income generation. Regular budget monitoring will identify any deviation from the anticipated income levels. Options for corrective management action will be considered.  | 2                   |
| <b>Expenditure Risks (including Demography &amp; Legislation)</b> |   |  |                     |
| 8   | Families with no recourse to public funds who acquire leave to remain in the UK are no longer entitled to benefit payments, extending the period during which the council is legally obliged to provide them with financial support | National lobbying to highlight the impact of this new financial burden on local government; close scrutiny and ongoing monitoring of all applications for support; work with individual families to e.g. support adults in obtaining employment. A £100k pressure has been built into the budget for 2015/16.  | 5                   |
| 9   | Pay awards are agreed at a higher level than has been included in the financial forecast  | The 2015/16 pay settlement is reflected in the budget as recently agreed, the MTFS includes an assumption of pay awards up to 2.5% for 2016/17 and 2017/18.  | 1                   |
| 10  | Partial delivery of 2015/16 saving proposals  | The Council has identified £22m of savings to be realised in 2015/16. Each saving proposal has been through internal and external challenge and scrutiny to ensure plans are in place to deliver these savings, although there is still work to do to implement some proposals. The Council will closely monitor the delivery of savings as part of the 2015/16 budget monitoring process. A £3m earmarked reserve has been created to mitigate the delivery risk and the Council continues to maintain General Fund Balances. | 5                   |

| No | Risk Title/Description  | Control  | Residual Risk Level |
|----|---|--|---------------------|
| 11 | Increase in demand for adult social care services as a result of demographic and demand pressures | The anticipated pressures in Adult Social Care are quantified and managed through the following: •Ensuring timely and accurate data collection to inform financial planning assumptions. •Regular review of service delivery models (internal and external) to ensure best value. •Commissioning services that are cost effective and achieve best value. •Continued investment in preventative services, including re-enablement models, to enable people to remain in their homes for as long as possible. •Continuing the approach of 'demand led risk reserve' as a means of protection against in year unpredicted demand.    | 12                  |
| 12 | Implementation of the Care Act  | The Council continues to plan for the operational and financial impact of this legislative change. Financial and activity modelling is on-going, based on National models, informed by local demographic trends, to enable predictions of potential impact on resources and budgets, and to enable appropriate realignment of resources where required.  | 16                  |
| 13 | Out of area costs for sexual health services and treatment  | Currently there are 2 main risks associated with out of area costs - it is not capped and MKC are required to reimburse any sexual health advice and treatment received by members of the Milton Keynes population, outside of Milton Keynes. In addition, there is no cut-off date for invoice submission - this has resulted in payments being made from 12/13 as well as 14/15. Public Health should be able to predict the funding required more accurately in 15/16 and build this into future budgets.   | 6                   |
| 14 | Home to school transport financial pressures  | Following rising demand and increasing costs; the budget is not adequate to deliver services in the current form. Action to address this includes; replacing the current framework, engaging community special schools in dialogue about how the service might be redesigned with schools, operating more routes and ensuring eligibility is monitored and transport removed where appropriate, while also considering how community transport service might be flexed to provide home to special school services. One-off resources have been allowed in 2015/16 to enable the impact of these actions to reduce financial costs. | 2                   |

| No | Risk Title/Description   | Control   | Residual Risk Level |
|----|--|---|---------------------|
| 15 | Increase in demand for children's social care services as a result of demographic and demand pressures | The anticipated pressures in Children's Social Care, particularly the cost of placements for children in care due to any increase in care numbers and/or the complexity of individual needs are closely monitored and managed through the following: •Ensuring timely and accurate data collection to inform financial planning assumptions; •ensuring that internal and externally commissioned service delivery models are based on robust internal and external information about "what works" and that they deliver best value; •continued investment in preventative services, including investment in interventions to prevent entry to care, particularly of adolescents; •ensuring that that the Milton Keynes Care System is dynamic and that children and young people are supported to move on to appropriate alternative care arrangements as soon as it is safe and in their best interests to do so; •continue with the use of a 'demand led risk reserve' as a means of protection against unpredicted in year demand. | 12                  |
| 16 | 2014/15 outturn position   | The forecast outturn for 2014/15 is showing a considerable underlying overspend (overspend position before one-off resources are applied), largely caused by increases in demand for social care (adults and children's). This budget reflects the increased ongoing costs of service provision and maintains the strategy of holding demand led reserves. This budget is based on the forecast as at Period 9, if the overspend increases this will have an impact both on the General Fund Balance and the risks to the delivery of the 2015/16 Budget. The forecast position will continue to be monitored and specific management action taken to mitigate the forecast overspend wherever possible.  | 6                   |
| 17 | 2015 General Election  | A change of national Government could effect local authority funding or policy decisions linked to the budget.  | 5                   |