

**Manchester City Council  
Report for Resolution**

**Report To:** Executive – 28 July 2010  
**Subject:** Global Budget Monitoring Report to end of May 2010  
**Report of:** City Treasurer

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**Summary**

Summary of the Council's revenue budget position based on an assessment of expenditure to the end of May 2010.

**Recommendations**

The Executive is requested to:

- (i) Note the contents of the report
- (ii) Approve a request for an allocation of £50,000 from the 'Low Carbon Reserve' as matched funding for a Carbon Trust grant to complete a second phase of preparatory work for establishing a district heating network in Manchester City Centre

**Wards Affected:** All

<b>Community Strategy Spine</b>	<b>Summary of the contribution to the strategy</b>
Performance of the economy of the region and sub region	This report looks at the overall projected out-turn position against the budgets which underpin all of the council's activities
Reaching full potential in education and employment	
Individual and collective self esteem – mutual respect	
Neighbourhoods of Choice	

### **Implications for:**

- Equal Opportunities Policy – there are no specific Equal Opportunities implications contained within this report
- Risk Management – Appendix 1 to this report contains an assessment of the major budget risks faced by the Council.
- Legal Considerations – there are no specific legal considerations contained within the report

### **Financial Consequences – Revenue**

Heads of Service in consultation with Strategic Directors are required to comply with and adhere to stringent cash limits. Failure to do so represents unauthorised expenditure which will have consequences for the City Council's level of balances and hence its ability to determine its own spending priorities. Services that report a potential over spend against the revenue budget are required to show how the over spend will be eliminated within their own resources. The report sets out the projected net under or overspend on the revenue budget for 2010/11, based on expenditure up to the end of May 2010.

With the likely scale of funding pressures and future reductions, it is important that the Council maintains a robust position on reserves and maintains the ability to deal with issues that arise during the financial year.

### **Financial Consequences – Capital**

The revenue budget includes monies to meet the capital financing costs of the Council. Changes in the capital programme can affect the budget to meet these costs.

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### **Background documents (available for public inspection):**

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

- The approved revenue budget for 2010/11
- Chief Officers' Monthly Revenue Budget and Trading Organisation Monitoring Briefing Notes in the present reporting cycle

## 1 INTRODUCTION

The purpose of this report is to provide the Executive with a summary of the revenue budget position of the Council for 2010/11 based on an assessment of expenditure to the end of May 2010.

## 2 BACKGROUND

Reporting budget monitoring information is part of robust management arrangements across the Council and is part of a programme of continuous improvement. Its purpose is to raise issues which need to be controlled through further management action and does not necessarily reflect the expected final position at the year end. The figures are based on the projected position as at the end of May 2010. Given the likely scale of funding reductions, it is important that a robust position on reserves, along with flexibility to manage the in year funding reductions and pressures, is maintained.

Budgets are being monitored on a monthly basis by senior management and monthly reports are also made to individual executive members through strategic directors.

### 3 SUMMARY BUDGET POSITION

The table below summarises the current projected cash limit budget position for 2010/11 as at the end of May and the impact on the General Fund Reserve:

<b>Business Plan Area</b>	<b>Original budget 2010/11 £'000</b>	<b>Revised Budget 2010/11 £'000</b>	<b>Projected Outturn 20108/11 £'000</b>	<b>Variance 2010/11 £'000</b>
<b><u>Planned Resources Available</u></b>				
Settlement (RSG Revenue Support Grant/ NNDR National Non Domestic Rate)	342,438	342,438	342,438	0
Council Tax	140,871	140,871	140,871	0
<b>Additional Resources:</b>				
Area Based Grant	58,749	56,382	56,382	0
Dividends and contributions	5,540	5,540	5,540	0
Use of parking reserve	1,853	1,853	1,853	0
Use of Planning Delivery Grant Reserve	120	120	120	0
<b>TOTAL AVAILABLE</b>	<b>549,571</b>	<b>547,204</b>	<b>547,204</b>	<b>0</b>
<b><u>Planned use of Resources</u></b>				
<b>Corporate Requirements:</b>				
Contingency (including unallocated ABG)	7,479	7,479	7,479	0
Levies (including Waste Disposal)	52,772	52,772	52,772	0
Capital financing Costs	45,293	45,293	43,293	(2,000)
<b>Corporate Requirements</b>	<b>105,544</b>	<b>105,544</b>	<b>103,544</b>	<b>(2,000)</b>
<b>Service Requirements:</b>				
Business Plan requirements (including Corporate Requirements)	416,287	416,287	417,579	1,292
Area Based Grant - Thematic Partnerships Expenditure	31,713	29,346	29,346	0
<b>Service Requirements</b>	<b>448,000</b>	<b>445,633</b>	<b>446,925</b>	<b>1,292</b>
<b>Less:</b>				
Efficiency Savings	(1,355)	(1,355)	(1,355)	0
AIM (Analysing & Improving Manchester) Savings	(2,000)	(2,000)	(2,000)	0
<b>NET ESTIMATED REQUIREMENTS</b>	<b>550,189</b>	<b>547,822</b>	<b>547,114</b>	<b>(708)</b>
<b>NET CALL FROM /(TO) RESERVES</b>	<b>618</b>	<b>618</b>	<b>(90)</b>	<b>(708)</b>

The Revised Budget has been amended to reflect the partial effect of reductions in Area Based Grant. The full impact of reductions will be reflected in the next report to Executive once all budget implications have been fully analysed.

#### 4 Summary of Business Plan Cash Limit Variances

As at the end of May, services covered by business plans were projecting to overspend by £1.292 m. The table below shows how this is split over the main business areas.

Description	Budget May £'000	Projected Outturn May £'000	Variance £'000
Directorate for Adults	132,595	133,544	949
Children's Services	144,664	144,664	0
Chief Executive's, including Transformation	45,375	45,677	302
Corporate Services	14,427	14,427	0
Neighbourhood Services	79,226	79,267	41
<b>Total Departmental Cash Limits</b>	<b>416,287</b>	<b>417,579</b>	<b>1,292</b>

**Appendix 1** gives a breakdown of this sum across the individual business planning areas. The current overspend projection against budgets will require continuing effort from all Heads of Service to bring spend back into line with budgets.

Below is a brief summary of the main issues in each service.

##### **Directorate for Adults:**

An overall overspend of approximately £1m is currently forecast. This reflects the expected cost pressures in respect of operating the current arrangements to fulfil temporary staff requirements within the internal services and the increased uptake of cash Individual Budgets. These pressures are partly offset by staff slippage. Action plans are being developed to address both of the overspending areas, although the long term resolution is unlikely to be fully implemented in the current financial year. In year savings from other areas will be targeted to deliver a balanced budget in year.

##### **Children's Services:**

The budget pressures for the Children's Services Directorate for this year are significant.

There has been a loss of Area Based Grant of £3.7m. Of this £0.9m has been managed during this financial year through reductions in uncommitted budgets or in areas where there would be no significant impact on high priority services for vulnerable people. The leaves £2.8m which will need to be met from forecast underspend in other Children's Services budgets, including the centrally retained Dedicated Schools Grant (DSG).

Temporary accommodation, teaching and learning costs for additional places in primary schools is forecast to cost around £2m more than the available schools' contingency budget. The majority the cost is for the installation of mobile classrooms on school sites to accommodate additional pupils and to meet teaching and learning costs. The cost pressures are after offsetting additional funding the Council received of £6.8m in capital funding and £0.6m in revenue funding to recognise the cost of pupil number increases. There is £1.3m of uncommitted Dedicated Schools Grant surplus from 2008/09 which now needs to be considered to offset the primary places costs now that these have been confirmed.

Children, Young People and Families budget has risk a of overspending based on current placement costs for Looked After Children (LAC). The service has to achieve reductions in the LAC placement costs through the safe reduction in the numbers of LAC through early intervention, reduction in the cost and number of high cost placements and creation of more internal foster care capacity.

Whilst Dedicated Schools Grant surplus and other budget underspends will enable the Directorate to manage the pressures in this financial year, it reduces flexibility to manage any other pressures that arise. Not all of the underspend is expected to be recurrent in 2011/12. There is also a Children's Services Planned Reserve, held to deal with pressures on schools budgets, and to mitigate specific risks associated with achievement of savings. This is likely to be required during this financial year.

#### **Chief Executive's including Directorate of Transformation:**

Currently Performance is showing a forecast overspend which relates to the release of challenging efficiency savings to be achieved through the AIM (Analysing & Improving Manchester) redesign of the function across the Council. The service has already identified a number of savings in year to offset against this requirement and is seeking to mitigate it further as the year progresses. There are also a number of minor underspends elsewhere within the Directorate.

#### **Neighbourhood Services:**

Neighbourhood Services expenditure is broadly in line with budget, after accounting for an overspend on Private Sector Housing from contingency, as outlined below.

Private Sector Housing have now implemented their new structure. A central contingency is in place to support some of the employee costs associated with service transformation. There is likely to be a call against this contingency later in the year when the costs are confirmed.

## **5 HOUSING REVENUE ACCOUNT**

The Housing Revenue Account (HRA) is a ring-fenced account, and must be used for landlord costs.

Council housing voids are currently running at around 1.9%, whilst we assume 2% for budgeting purposes, resulting in a higher level of rental income. At the end of May, this was around £100k, and if it continues throughout the year will mean around £600k increased income. The position around void levels will be closely monitored, as it has a material effect on the costs of the service.

There continue to be pressures around the costs of maintenance and repairs for the retained stock, together with the development costs for the PFI (Private Finance Initiative) schemes. These are also being monitored closely to ensure that any variations are identified as early as possible, to enable corrective action to be taken.

HRA is currently expected to break even against the budget.

## 6 IN YEAR BUDGET REDUCTIONS

Reductions in the Council's Area Based Grants allocation were recently announced by the Department for Communities & Local Government as follows:

	<b>£'000</b>
Department for Education	3,707
Supporting People Administration	261
WNF Working Neighbourhoods Fund	3,019
Preventing Violent Extremism	111
Home Office	87
<b>Total cuts in Area Based Grant</b>	<b>7,185</b>

Measures to achieve these budget reductions have now been identified and work is being completed. Heads of Finance will be confirming these with budget holders and adjusting the cash limit budgets, and it is anticipated that the reductions can be achieved within the year.

When the other grant reductions in the announcement in relation to LABGI (Local Area Business Grant Incentive) and PRG (Performance Reward Grant) are included this figure increases to nearer £9.7 m.

See paragraph 4 commentary on variances for Children's Services regarding the £3.7 m loss of ABG for Education.

## 7 AREA BASED GRANT - THEMATIC PARTNERSHIPS

Area Based Grants breakdown of Partnership expenditure is as follows:

Government Department	Grant Type	Original Budget 2010/11 £'000	Mid Year Uplifts from DCLG Dec 2009 £'000	Reductions by DCLG June 2010 £'000	Revised Budget & Outturn May 2010/11 £'000
DWP (Department for Work & Pensions)	School Gates Employment	0	65	0	65
HO (Home Office)	Stronger, Safer Communities	783	0	0	783
DCSF (Department for Children, Schools & Families)	Teenage Pregnancy	471	0	0	471
CLG (Communities & Local Government)	Economic Assessment Duty		65	0	65
	Working Neighbourhood Fund	29,668	1,044	(3,019)	27,693
	Stronger, Safer Communities Fund	516	(516)	0	0
	Preventing Violent Extremism	275	106	(112)	269
	<b>Subtotal CLG</b>	<b>30,459</b>	<b>699</b>	<b>(3,131)</b>	<b>28,027</b>
<b>Total</b>		<b>31,713</b>	<b>764</b>	<b>(3,131)</b>	<b>29,346</b>

The Government has announced a number of reductions to ABG allocations for 2010/11 including £3.1m (10%) of WNF (Working Neighbourhoods Fund) and Preventing Violent Extremism grant. This has been offset by increases of £0.764 m to the Original Budget allocation of £31.713 m allocated under the previous Government, resulting in a net decrease of £2.367 m. All Thematic Partnerships have been asked to review their 2010/11 Investment Plans in the context of these reductions, including the impact such a loss in funding would have on the partnership's programme and performance targets. Once these have identified and agreed, allocations for 2010/11 will be adjusted accordingly.

## 8 CAPITAL FINANCING REQUIREMENTS

As the result of a revised cashflow project and the timing of the new capital borrowing requirements, an underspend of £2 m is currently being projected.

## 9 PRUDENTIAL BORROWING INDICATORS

As part of the Prudential Borrowing regime, the Council sets a range of indicators designed to ensure that the borrowing it enters into is sustainable. These indicators are monitored regularly to ensure that they are not breached. Some of the Prudential Indicators are reported through the Capital Monitoring Process but those indicators that affect the Revenue budget are reported in **Appendix 3**.

## 10 COUNCIL TAX COLLECTION

The overall position of the Council in relation to the target for 2010/11 is summarised in the table below:

<b>Collection Fund 2010/11</b>	<b>Target 2010/11 £'000</b>	<b>Current projected over / (under) achievement of Target £'000</b>
Council Tax	161,500	0

The Council is currently on, and may exceed, the target to collect around £161.5m of the current year Council Tax net debit, of which it is anticipated around £49.0 m will be paid into the collection fund via Council Tax Benefit, and £112.5 m will be collected from Tax payers. In addition the Council is on target to collect £7.5m worth of arrears and court costs.

## 11 RESERVES

The Executive is requested to approve an allocation of £50,000 from the 'Low Carbon Reserve' as matched funding for a Carbon Trust grant. This will be used to complete a second phase of preparatory work for establishing a district heating network in Manchester City Centre.

## 12 CONCLUSION

This is the first Global Revenue Budget Monitoring report for the year 2010/11 and presents information based on projections as at the end of May 2010. The predicted departmental overspend of £1.292 m is a concern and Heads of Service must continue to take action where possible to bring projected expenditure in the year back into line with budgets.

## APPENDIX 1

### Summary of Business Plan Projected Variances May 2010

Business Plan Area	Original Budget	Revised Budget	Projected Outturn as at end of May	Projected Year End Over/ (Under) Spend
	2010/11 £'000	2010/11 £'000	2010/11 £'000	2010/11 £'000
<b>Directorate for Adults</b>	<b>132,595</b>	<b>132,595</b>	<b>133,544</b>	<b>949</b>
<b>Children's Services</b>				
Business Support & Commissioning	23,306	23,306	23,306	0
Education Services	17,275	17,275	17,275	0
Children & Young People	104,083	104,083	104,083	0
<b>Children's Services</b>	<b>144,664</b>	<b>144,664</b>	<b>144,664</b>	<b>0</b>
<b>Chief Executive's Dept</b>				
Culture	8,246	8,246	8,214	(32)
Planning & Building Control	2,066	2,066	2,066	0
Transport Policy	122	122	97	(25)
Communications	7,013	7,013	7,013	0
Executive Office	4,014	4,014	4,014	0
Performance	5,406	5,406	5,916	510
Legal Services	2,563	2,563	2,463	(100)
Democratic & Statutory Services	3,354	3,354	3,335	(19)
Crime & Disorder	1,926	1,926	1,926	0
Joint Health Unit	(32)	(32)	(32)	0
Chief Executive's Corporate Items	3,219	3,219	3,200	(19)
Regeneration & Economic & Urban Policy	2,640	2,640	2,640	0
Strategic Housing	1,327	1,327	1,327	0
Manchester Adult Education Service	392	392	392	0
<b>Chief Executive's Dept</b>	<b>42,256</b>	<b>42,256</b>	<b>42,571</b>	<b>315</b>
<b>Directorate of Transformation</b>				
Transformation Team	3,951	3,951	3,938	(13)
Corporate Technology Unit	(832)	(832)	(832)	0
<b>Directorate of Transformation</b>	<b>3,119</b>	<b>3,119</b>	<b>3,106</b>	<b>(13)</b>
<b>Chief Executive's Dept including Transformation</b>	<b>45,375</b>	<b>45,375</b>	<b>45,677</b>	<b>302</b>

**APPENDIX 1 (Continued)**

**Summary of Business Plan Projected Variances May 2010**

<b>Business Plan Area</b>	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Projected Outturn as at end of May</b>	<b>Projected Year End Over/ (Under) Spend</b>
	<b>2010/11 £'000</b>	<b>2010/11 £'000</b>	<b>2010/11 £'000</b>	<b>2010/11 £'000</b>
<b>Corporate Services</b>				
Corporate Procurement	947	947	457	(490)
Council Tax & Benefits	3,575	3,575	3,174	(401)
Financial Management	11,310	11,310	12,264	954
Capital Programmes	741	741	741	0
Human Resources	4,117	4,117	4,551	434
Valuation & Property	8,183	8,183	7,686	(497)
Corporate Services Corporate Items	(14,446)	(14,446)	(14,446)	0
<b>Corporate Services</b>	<b>14,427</b>	<b>14,427</b>	<b>14,427</b>	<b>0</b>
<b>Neighbourhood Services:</b>				
Environmental Services	31,930	31,930	31,930	0
Private Sector Housing	2,256	2,256	2,282	26
MEDC (Manchester Engineering Design Consultancy)	(375)	(375)	(375)	0
Highways	16,415	16,415	16,415	0
Sports & Leisure	15,546	15,546	15,546	0
Libraries & Information	13,021	13,021	13,021	0
Library Theatre	1,059	1,059	1,059	0
Trading Services	(626)	(626)	(611)	15
<b>Total Neighbourhood Services</b>	<b>79,226</b>	<b>79,226</b>	<b>79,267</b>	<b>41</b>
<b>Total Business Plan Requirement Cash Limits</b>	<b>416,287</b>	<b>416,287</b>	<b>417,579</b>	<b>1,292</b>

## APPENDIX 2



### Corporate Financial Risk Monitoring Log: As at end May 2010

*Note: There is a key for Key CP (Corporate) Priority, Consequence, Likelihood, Capacity to Control & Capacity to Improve at the end of this table*

REF	Key CP Priority	Risk	Consequence	Likelihood	Risk Score (CxL)	Capacity to Control	Capacity to Improve	Recommendations
<b>Corporate / Cross Cutting Risks</b>								
C3		Previously significant amounts of salary and other costs have been capitalised – this may no longer be possible, putting additional pressure on revenue budgets.	2	2	4 Low	<b>Moderate</b>		This was an issue that with the reduction of Capital Grants, revenue pressure could arise in 2010/11
C4	CP7	The required level of efficiency savings included in the budget are not achieved.	3	4	12 HIGH	<b>Moderate</b>		SMT members need to work with Heads of Service to ensure that identified savings are achieved. DOT working to identify AIM savings



## APPENDIX 2

### Corporate Financial Risk Monitoring Log: As at end May 2010 (continued)

REF	Key CP Priority	Risk	Consequence	Likelihood	Risk Score (CxL)	Capacity to Control	Capacity to Improve	Recommendations
C5	CP10	Interest / Counter Party Risks (Treasury management).	3	2	6 Medium	<b>Substantial</b>		The Council's borrowing and investment strategy has been agreed by Council and is monitored by the Treasurer on a daily basis. Current projections show that spend in 2010/11 could be below budget.
C6	CP1	There may be an impact on council tax receipts of the current economic downturn. (This is not a potential problem for the current year as the full amount required to support the budget can be taken from the Collection Fund. However, any shortfall in collection will impact on future years)	1	2	2 Low	<b>Limited</b>		Collection performance continued to improve during January and February It is not possible to predict accurately the final collection rate as there are a number of variables that cannot be predicted. The Council Tax Service is on target to at least collect just over £7m in arrears and costs and achieve the total Council Tax income target of £164 m.


## APPENDIX 2

### Corporate Financial Risk Monitoring Log: As at end May 2010 (continued)

REF	Key CP Priority	Risk	Consequence	Likelihood	Risk Score (CxL)	Capacity to Control	Capacity to Improve	Recommendations
<b>Adult Services Care</b>								
AS1	CP9	Increase in demand for services increases budget pressures resulting in an overspend at year end.	4	4	16 HIGH	<b>Limited</b>		Continued monitoring of the continuing demand for services and growth in customers in receipt of care. Continued development of preventative strategies, reablement services and stringent assessment processes to control expenditure and ongoing demand.
AS3	CP9	Inaccurate data and insufficient internal controls in respect of Individual Budget customers results in Financial loss	3	5	15 HIGH	<b>Moderate</b>		Review of systems and processes to improve controls and quantify risks




**APPENDIX 2**

**Corporate Financial Risk Monitoring Log: As at end May 2010 (continued)**

REF	Key CP Priority	Risk	Consequence	Likelihood	Risk Score (CxL)	Capacity to Control	Capacity to Improve	Recommendations
<b>Children's Services</b>								
CS1		Pressures on looked after children (LAC) budgets	5	5	25			Although LAC numbers have stabilised, the numbers coming into the care system remain high, being offset by discharges and status of LAC transferring to Special Guardianship Orders. In May the number of LAC placed in external provision has increased by 21 and there has been a reduction of 11 internal fostercare placements. Whilst there is a plan to increase use of independent fostercarers, the shift should be from external residential, not internal fostercare.


## APPENDIX 2

### Corporate Financial Risk Monitoring Log: As at end May 2010 (continued)

REF	Key CP Priority	Risk	Consequence	Likelihood	Risk Score (CxL)	Capacity to Control	Capacity to Improve	Recommendations
<b>Chief Executives</b>								
CEX1	CP1	Income from planning fees continues to reduce due to the impact of the economic downturn and the income target is not achieved.	2	4	8 Medium	<b>Substantial</b>		Additional PDG was approved in November 2009, and the current year's shortfall in income will be met from these resources .
CEX5	CP7	Pressures on the Coroners budget mean that the budget may overspend.	2	3	6 Medium	<b>Moderate</b>		Outcome of Coroner's Report likely to impact in next financial year and assumptions are included in the Business Planning Process.
CEX6	CP1	Potential Grant Clawback in relation to ERDF	5	2	10 Medium	<b>Moderate</b>		We have recently had a visit from the European Auditors and are currently awaiting a draft report. Will be discussed early August with Regen colleagues




## APPENDIX 2

### Corporate Financial Risk Monitoring Log: As at end May 2010 (continued)

REF	Key CP Priority	Risk	Consequence	Likelihood	Risk Score (CxL)	Capacity to Control	Capacity to Improve	Recommendations
<b>Strategic Housing</b>								
SH1	CP4	The planned CLG offer of HRA self financing could have budgetary impacts in future years.	5	2	10 Medium	<b>Moderate</b>		Financial model prepared to assess impact of the proposals. HRA Reform is generally acceptable unless PFI schemes are included within the settlement. The latter would have a significant financial effect of £300m deficit over 30 years. Likelihood assumes CLG will agree to look at PFIs separately.



**APPENDIX 2**

**Corporate Financial Risk Monitoring Log: As at end May 2010 (continued)**

REF	Key CP Priority	Risk	Consequence	Likelihood	Risk Score (CxL)	Capacity to Control	Capacity to Improve	Recommendations
<b>Strategic Housing</b>								
SH3	CP4	Housing Reform of HRA and implications for the charge against the HRA may mean greater pressures on the General Fund	2	3	6	<b>Moderate</b>		Detailed guidance awaited from CIPFA/CLG
SH4	CP4	Affordability of existing PFI schemes and impact on HRA General Reserves which potentially could become negative going forward.	3	2	6 Medium	<b>Moderate</b>		Part of overall review of the HRA budget – impact from Housing Reform (see SH1)
SH7	CP4	New Build properties may not be let and therefore become a cost to the HRA	3	2	6 Medium	<b>Moderate</b>		Arose February 2010


**APPENDIX 2**

**Corporate Financial Risk Monitoring Log: As at end May 2010 (continued)**

REF	Key CP Priority	Risk	Consequence	Likelihood	Risk Score (CxL)	Capacity to Control	Capacity to Improve	Recommendations
<b>Strategic Housing</b>								
SH9	CP4	Stock transfers and disposals could impact upon the HRA.'s ability to balance taking one year with another	2	1	2 low	<b>Substantial</b>		Arose February 2010
SH10		Costs associated with District Heating and unsettled dispute with provider.	3	2	6 Medium	<b>Moderate</b>		Provider now acquired by another Company, who have put forward a counter offer which is being considered.


**APPENDIX 2**

**Corporate Financial Risk Monitoring Log: As at end May 2010 (continued)**

REF	Key CP Priority	Risk	Consequence	Likelihood	Risk Score (CxL)	Capacity to Control	Capacity to Improve	Recommendations
<b>Neighbourhood Services</b>								
NS1		Waste Levy	2	2	4 low			Increased investment in recycling and waste reduction should ensure that the anticipated tonnage levels can be achieved. The amount of waste delivered for disposal is monitored monthly. Currently looking like there may be a surplus in this financial year.
NS3		Structural Budget Issues in Neighbourhood Services will result in an overspend.	2	3	6 Medium	<b>Limited</b>		As reported in 2009/10 there are legacy budget issues. Action is in hand to ensure the recovery of overheads in 2011/12, not previously allocated, but it will remain a pressure in the current year

REF	Key CP Priority	Risk	Consequence	Likelihood	Risk Score (CxL)	Capacity to Control	Capacity to Improve	Recommendations
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**Neighbourhood Services**

NS4		The cost of spend to save tripping claims means that the invest to save target will not be achieved.	2	2	4 low	<b>Limited</b>		There may have implications in current & future years due to the time taken to settle claims. Future analysis work being undertaken to identify trends and understand legal position.
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## **Appendix 2 Risk Register - Key**

### **Key to Corporate Priorities**

- 1: Promoting economic development
- 2: Reaching full potential in education and employment
- 3: Promoting individual and collective self-esteem – mutual respect
- 4: Creating Neighbourhoods of Choice
- 5: Improving Council and community leadership
- 6: Delivering the Manchester Improvement Programme
- 7: Continuously improving the value for money of our services
- 8: Developing our workforce to deliver high-quality services
- 9: Ensuring customer and neighbourhood focus, and equality of opportunity in employment and service provision
- 10: Managing our performance and risks to ensure we deliver our objectives

**Appendix 2 Risk Register – Key (continued)**

**Consequences**

<b>Impacts</b>	<b>5 - Major</b>	<b>4- Significant</b>	<b>3-Moderate</b>	<b>2-Minor</b>	<b>1 - No Consequence</b>
Implications for Service and/or Achievement of Key Targets/ Objectives	Major loss of service, including several important areas of service and /or protracted period. Service Disruption 5+ Days Major impact on achievement of several key targets / objectives	Complete loss of an important service area for a short period. Major effect to services in one or more areas for a period of weeks. Service Disruption 3-5 Days. Major impact on achievement of a key target / objective or some impact on several.	Major effect to an important service area for a short period. Adverse effect to services in one or more areas for a period of weeks. Service Disruption 2-3 Days. Significant impact on achievement of one or more targets / objectives.	Brief disruption of important service area. Significant effect to non-crucial service area. Service Disruption 1 Day. Minor impact on achievement of targets and objectives.	
Embarrassment/ Reputation	Adverse and persistent national media coverage. Adverse central government response, involving (threat of) removal of delegated powers Officer(s) and/or Members forced to resign	Adverse publicity in professional/municipal press, affecting perception/standing in professional/local government community. Adverse local publicity of a major and persistent nature.	Adverse local publicity/local public opinion aware. Statutory prosecution of a non-serious nature.	Contained within section/Unit or Directorate Complaint from individual/small group, of arguable merit	
Health & Safety	Loss of life/Large scale major illness Death of an individual or several people	Major illness/ Serious injury/ Permanent disablement to an individual or several people	Broken bones/Illness Minor injuries to several people	Sticking Plaster / first aider Minor injury or discomfort to an individual	

**Appendix 2 Risk Register - Key  
Consequences (Continued)**




<b>Impacts</b>	<b>5 – Major</b>	<b>4- Significant</b>	<b>3-Moderate</b>	<b>2-Minor</b>	<b>1 - No Consequence</b>
Failure to provide statutory duties/meet legal obligations	Multiple civil or criminal suits. Litigation/claims/ fines from Departmental £250k + Corporate £500k+	Litigation/claims/ fines from Departmental £50k to £125k Corporate £100k to £250k	Litigation/claims/ fines from Departmental £25k to £50k Corporate £50k to £100k	Litigation/claims/ fines from Departmental £12k to £25k Corporate £25k to £50k	
Financial	Departmental: Up to 75% of Budget Corporate: Costing over £500,000	Departmental: Up to 50% of Budget Corporate: Costing between £50,000 and £500,000	Departmental: Up to 25% of Budget. Corporate: Costing between £5,000 and £50,000	Departmental: Up to 10% of Budget Corporate: Costing less than £5,000	
Implications for Project or Partnership (Objectives/ Schedule/ Deadlines etc)	Complete failure of project / breakdown of partnership Extreme disruption or delay of 3 months or more	Significant impact on project or partnership or most of expected benefits fail/ Major disruption or delay of 2-3 months	Adverse effect on project / partnering arrangements. Significant disruption or slippage – 3 weeks – 2 months	Minimal impact on project / partnership. Slight disruption or delay of less than 2 weeks	
Implications for the Community or the Environment	Extensive, long-term impact Major public health/ environmental incident or loss of significant community facility	Long-term environmental or social impact such as a chronic and / or significant discharge of pollutant	Short-term, local environmental or social impact such as a major fire	No lasting detrimental affect on the environment or the community e.g. noise, fumes, dust etc.	
Stakeholders	Stakeholders would be unable to pursue their rights and entitlement and may face life threatening consequences	Stakeholders would experience considerable difficulty in pursuing rights and entitlements	Some minor effects on ability of stakeholders to pursue rights and entitlements, e.g. other sources or avenues would be available to stakeholders	The interests of stakeholders would not be affected	

## Appendix 2 Risk Register – Key

### Likelihood

Description	Probability	Indicators
5 - Very Likely	The risk will emerge.	<ul style="list-style-type: none"> <li>• Is expected to occur in most circumstances</li> <li>• Circumstances frequently encountered – daily/weekly/monthly/annually</li> <li>• Imminent/near miss</li> </ul>
4 - Likely	The risk should emerge.	<ul style="list-style-type: none"> <li>• Will probably occur in many circumstances</li> <li>• Circumstances occasionally encountered but not a persistent issue (e.g. once every couple/few years)</li> <li>• Has happened in the past or elsewhere</li> </ul>
3 - Unlikely	The risk could emerge.	<ul style="list-style-type: none"> <li>• Not expected to happen, but is possible (once in 3 or more years)</li> <li>• Not known in this activity</li> </ul>
2 - Very Unlikely	The risk is unlikely to emerge.	<ul style="list-style-type: none"> <li>• May occur only in exceptional circumstances</li> <li>• Has rarely / never happened before</li> <li>• Force majeure</li> </ul>
1 - Impossible	The risk will not emerge.	<ul style="list-style-type: none"> <li>• The risk will not emerge in any foreseeable circumstance</li> </ul>

Capacity to Control	Description
Full ●	Full – all reasonable steps have been taken to mitigate the risk and are operating effectively. The cost / benefit considerations on implementing additional controls have been considered.
Substantial ●	Substantial – there are sound arrangements to manage the risk with some scope for improvement . Arrangements have had a demonstrable impact in reducing either the likelihood or consequence of the risk.
Moderate ●	Moderate – there are a number of areas for improvement in arrangements that would help to demonstrate effective and consistent management of the risk.
Limited ●	Limited – there are significant areas for improvement in arrangements that would help to demonstrate effective and consistent management of the risk.
No ●	No – there are a lack of clear arrangements in mitigation of the risk.

Capacity to Improve	Description
	Assessment from the Corporate Risk Management Group (CRMG) on the capacity to further develop arrangements to mitigate the potential impact of risk.
	High
	Medium
	Low

**APPENDIX 3**

**PRUDENTIAL BORROWING INDICATORS AS AT END OF MAY 2010**

No.	Prudential Indicator		Target		Actual as at end of May 2010	Target Breached Y/N
1	Financing Costs to Net Revenue Stream	Non – HRA	8%		8%	N
		HRA	18%		17%	N
2	Capital Financing Requirements (as at 31 March)	Non – HRA	£865,000,000		£862,000,000	N
		HRA	£475,000,000		£470,000,000	N
		Total	£1,340,000,000		£1,332,000,000	N
3	Authorised Limits for External Debt	Borrowing	£1,187,000,000		£689,619,059	N
		Other Long Term Liabilities	£206,000,000		£154,386,567	N
		Total	£1,393,000,000		£844,005,626	N
4	Operational Boundaries for External Debt	Borrowing	£1,040,000,000		£689,619,059	N
		Other Long Term Liabilities	£206,000,000		£154,386,567	N
		Total	£1,246,000,000		£844,005,626	N
5	Upper Limits on Fixed Interest Rate Exposures	Net Borrowing at Fixed Rates as a percentage of Total Net Borrowing	83%		72%	N
6	Upper Limits on Variable Interest Rate Exposures	Net Borrowing at Variable Rates as a percentage of Total Net Borrowing	56%		28%	N
			Lower Limit	Upper Limit		
7	Maturity Structure of Borrowing	under 12 months	0%	50%	0%	N
		12 months and within 24 months	0%	60%	19%	N
		24 months and within 5 years	30%	80%	46%	N
		5 years and within 10 years	0%	60%	10%	N
		10 years and above	10%	60%	25%	N
8	Upper Limits for Principle Sums Invested for over 364 days		(£)0	(£)0	£0	N