

## Risk Supporting Statement: SR14

Risk Owner: Chamberlain

<b>Risk</b>	Likely reductions in future spending rounds will reduce grant income for the City Corporation resulting in the Corporation being unable to maintain a balanced budget and maintain healthy reserves in City Fund significantly impacting on service delivery levels. <b>Links to: Strategic Aim SA2 and Key Policy Priority KPP2</b>	<b>Gross Risk</b>	<b>R</b>
		<b>Likelihood</b>	<b>Impact</b>
		5	4
<b>Detail</b>	This risk is already headlined in the medium term financial strategy approved by the Court of Common Council in March 2013. The position for non-protected services from 2016/17 looks to be difficult. With another £25 billion worth of cuts pencilled in for the two years after 2015-16. The Future Funding Outlook report, launched at Local Government Association (LGA) conference in July, used a central assumption of an 8% (cash) cut in 2016/17, and a 7% cut each year thereafter. The scale of these reductions coupled with the financial impact of other pressures such as our share of the likely appeal costs under the new Business Rates Retention system and the progressive adoption of the London Living Wage, the 2016/17 forecast deficit is likely to exceed £10m.		
<b>Issues</b>	<b>Controls</b>		
<ul style="list-style-type: none"> <li>* Reduction in grant income to the City Corporation</li> <li>* Increasingly difficult to maintain a balanced budget</li> <li>* Increased pressure on reserves</li> </ul>	<ul style="list-style-type: none"> <li>* Service based review to address the 2016/17 forecast deficit, including a review of spend not in line with City Fund duties that may potentially be better funded from Bridge House Estates and reconsideration of the asset sales policy. Expand the scope of the review to cover City's Cash. <b>(The Town Clerk, Chamberlain and Financial Services Director)</b></li> <li>* Maintaining prudent management of City Fund finances and using current financial planning to build up reserves. <b>(The Chamberlain and Financial Services Director)</b></li> <li>* Direct engagement with central government on grant formula <b>(The Chamberlain and Financial Services Director)</b></li> <li>* Scrutiny of savings options by the Efficiency Board and Efficiency and Performance Sub-Committee. <b>(The Town Clerk, Chamberlain and Financial Services Director)</b></li> </ul>		
<b>Summary</b>	As the savings are only partially secure the net risk assessment is red, when savings have been identified during 2014 the risk will drop to amber and when savings have been removed from budgets the risk will drop to green.	<b>Net Risk</b>	<b>R</b>
		<b>Likelihood</b>	<b>Impact</b>
		5	4
		<b>Control Evaluation</b>	
		<b>R</b>	