Coventry City Council

Public report
Cabinet Report

Cabinet	11th December 2012
Scrutiny Co-ordination Committee	12th December 2012
Council	15th January 2013

Name of Cabinet Member:
Cabinet Member (Strategic Finance & Resources) – Councillor Duggins

Director approving submission of the report:
Director of Finance and Legal Services

Ward(s) affected:
All

Title:
Medium Term Financial Strategy 2013-16

Is this a key decision?
Yes
Cabinet and subsequently Council are being recommended to approve the Medium Term Financial Strategy for 2013-2016

Executive summary:

This report presents a Medium Term Financial Strategy (MTFS) for 2013-2016 for adoption by the City Council. The previous strategy was approved in October 2011. The Strategy underpins the medium term policy and financial planning process that is fundamental to setting our revenue and capital budgets.

In parallel, the same meeting Cabinet is considering the pre-budget report that sets out the work undertaken to in preparation for the 2013/14 and future years' revenue budget and capital programme.

The context in which the City Council develops its MTFS continues to be one of unprecedented financial pressures. The recent recession and the sovereign debt crises that developed out of the 2008 banking crisis mean that economic growth is forecast to be subdued for the foreseeable future. Significant reductions in spending levels will be required up to 2020. In practice, the process of reducing spend has only just started. Although the 2010 government spending review covers the period to 2014/15, the spending totals for 2013/14 onwards will almost certainly be revised downwards.

In addition, the last year has seen a review of the entire Local Government Finance system, with the localisation of 50% of business rates being the headline change. This creates significant uncertainty, both in forecasting the level of resources that will be available, but also at a policy level.

Whilst resources fall, the demand for services increases, in particular due to demographic changes, with a greater number of both the very young and older people.

The “perfect storm” of reducing resources, low economic growth, increased demand and government reform makes it crucial that local authorities consider their role and how they need to radically reshape their services, in order to protect the most vulnerable within an environment of scare resources.

Significant national developments impacting on local authorities include:

- The fundamental importance of economic growth, including the direct impact of growth on resources through local retention of part of business rate growth;
- The extension of the City Deal initiative beyond a limited number or the largest cities, to encompass areas including Coventry and Warwickshire potentially;
- The underlying demand and cost pressures in the Social Care area, with an increasing number of the very young and older people;
- The move towards Open Services, with the concept of a shift in responsibility between the individual and the state;
- The move towards increased numbers of Academy schools and the establishment of a school investment programme broadly outside of the local authority sphere;
- The transfer of Public Health functions to local authorities from 2013/14;
- The changes to the Council Tax Benefit systems, that transfer responsibility to local authorities for deciding on the level of benefit, but within a reduced resource envelope;
- The continued upward pressure on Pension Funds’ contributions, in particular to fund past service contributions.

The City Council’s starting financial position prior to the 2013/14 budget setting shows a major funding gap increasing to nearly £60m in 2015/16:

	2013/14 £m	**2014/15 £m**	**2015/16 £m**
Revised Revenue Budget Gap	**28.6**	**43.1**	**61.2**
Revised Capital Budget Gap	**11.0**	**2.2**	**0.1**

The City Councils strategic approach to the demands that it faces includes:

- The need to radically reshape services and make significant savings through the extension of the Council’s Abc Transformational Review Programme. The emphasis of Abc (A Bolder Coventry) will move towards asking fundamental questions about what things the Council needs to consider stopping doing or doing in partnership with others, in particular in high spend areas. Central to this will be the need to actively manage the demand for services;
- The drive for economic growth, working with partner organisations to achieve this. The maximisation of capital investment either by the City Council, funded from borrowing or capital receipts, or via local partners will be fundamental to facilitating growth;

- The development of a City Deal bid for the sub region, as a way of unlocking major projects and initiatives that will stimulate growth;

Recommendations:

(1) Cabinet is recommended to agree the report and to recommend that Council approve the Strategy.

(2) Scrutiny Co-ordination Committee is requested to consider whether there are any comments/recommendations that they wish to make prior to the report going to Council.

(3) Council is recommended to approve the Strategy as the basis of its medium term financial planning process.

List of Appendices included:

Appendix 1, Technical Assumptions within the Medium Term Financial Strategy

Appendix 2, Analysis of Financial Approach to Risks

Other useful background papers:

None

Has it or will it be considered by scrutiny?

Yes – Scrutiny Co-ordination Committee 12th December

Has it, or will it be considered by any other council committee, advisory panel or other body?

No

Will this report go to Council?

Yes

Report title: Medium Term Financial Strategy 2013 – 2016

1. Introduction and Financial Context

1.1 This strategy supports the Council's medium term policy and financial planning process, and in doing so provides the basis from which to deliver the Council's priorities as set out in the Council Plan.

1.2 The international financial backdrop is hugely significant for local authorities and the country in general. The development of the post 2008 banking crisis into a sovereign debt crisis, latterly focused on the Eurozone, has stifled growth at a time when growth is precisely what is needed to reduce levels of sovereign debt. The recent recession is the longest since the 1870s.

1.3 At a national level, the 2010 Spending Review set out significant reductions in planned spending to 2014/15 as the government sought to put in place a debt reduction plan. For the City Council this meant a planned 27% cut in formula grant up to 2014/15, a large fall in specific grants and pressure on capital allocations. With low levels of economic growth government borrowing has not reduced as forecast and significant further reductions in spend will be required up to 2020. In practice, although the 2010 spending review covers the period to 2014/15, the spending totals for 2013/14 and subsequent years will almost certainly be revised downwards in the forthcoming Local Government Financial Settlement (due December 2012). The financial challenge facing all public services is huge, as the process of cutting spend is still in its early days.

1.4 The likelihood of the Council receiving a financial settlement that is worse than previously anticipated has been confirmed by two recent external reports. The Institute for Fiscal Studies report "More Fiscal Pain to Come" published on 26th November 2012 details how lower than expected tax revenues and higher than expected levels of borrowing are likely to lead to the Government missing targets that it has set in relation to national debt levels. The report goes on to conclude that one potential outcome of this is that the Government will need to implement further cuts above those already indicated. In addition, The Audit Commission's report "Tough Times 2012" (released 21st November 2012) explains that although most Councils have so far coped well with Government cuts, they will not be able to sustain their ability to protect 'priority services' into the future. These external reviews confirm the view therefore that there is significant pain to come both in terms of future spend reductions and fiscal tightening.

1.5 In addition, the last year has seen a review of the entire Local Government Finance system. The main headline change is the localisation of 50% of Business Rates and the linked development of local authority Business Rate pools from 2013/14. The principle of the change is that local authorities can keep a share of business rate growth, thereby providing an incentive to pursue growth. In effect, the changes represent a new resource allocation system and to some extent a move away from a system based on the allocation of resources according to an assessment of need. The inherent complexity of this, combined with the impact of external factors (e.g. growth levels across all local authority areas, and pooling agreements across authorities) and the fact that the system is still evolving, mean that the level of uncertainty is greater than in previous years.

1.6 Whilst resources fall, the demand for local authority services increases. The 2011 census reveals demographic changes with a greater number of both the very young and the old within the city. In addition, demand for services is increasing across a number of areas including: welfare reform; looked after children and housing. The perfect storm of reducing resources, low economic growth, increased demand and government reform makes it crucial that local authorities consider their role and how they need to radically reshape their services, in order to protect the most vulnerable, within an environment of scarce resources.

2. National Developments

2.1 Aside from the increasing financial pressures that all public bodies face, there is a range of national policy reviews and other developments, which will impact on local authorities, and require their consideration as they develop their plans. Some are quite specific, whilst others are more cross cutting in their impact. These include:

- The need for **economic growth** is greater than it has been at any time in recent years. At a national level growth is required to help reduce sovereign debt and to ensure the UK remains competitive. Locally, the retention of a share of Business Rates from 2013/14, in part through the operation of multi local authority pooling agreements, has significantly increased the importance of driving growth locally. From 2013/14 authorities will benefit where there is growth in business rates, but suffer where there is contraction, with changes impacting at a local level more directly than they would have in the past. With this change the vibrancy of the local economy becomes ever more important. There is a real need for the Council to play a leading role in attracting inward investment, using its powers to achieve strategic regeneration and business rate growth more than ever before;

- The extension of the City Deal initiative presents a very significant opportunity for local authorities and Coventry, Warwickshire Districts and the LEP have been invited to submit an Expression of Interest by 15 January 2013. Every City Deal aims to:

  - Give cities the powers and tools they need to drive local economic growth;

  - Unlock projects or initiatives that will boost their economies; and

  - Strengthen the governance arrangements of each city.

  At the heart of City Deal is the concept of a deal between a locality and the Government, under which greater freedoms, and potentially also funds, are made available to facilitate the delivery of growth. In return the city must present a deal that is unique, and uses existing funding streams and those currently not in Council control, to deliver better growth outcomes. The first round of City Deal focused on the largest cities in the UK. Firm decisions from government are expected in late 2013, with no guarantee that any individual bid will be successful;

- The underlying demand and cost pressures in the **Social Care** area remain. The sharing of costs between the individual, local and national government, as set out in the Dilnot Report, is still the likely direction of travel. Although there is no certainty about what any revised system will look like, a major issue for local authorities and public policy makers more generally is how the demand for services can be managed in a way that is fair and equitable, whilst at the same time actively managing cost pressures;

- The wider government policy of the move towards **Open Services**, through increased localisation, and greater community and business sector involvement continues. In parallel, there is a recognition that, in order to ensure that public services can continue to protect the most vulnerable, individuals will need to take responsibility where the state can no longer provide services to the same level as in the past;

- Changes in **schools** have continued apace, with the role of the local authorities being reduced with the setting up of more Academy Schools and establishment of the Priority

Schools Building Programme (PSBP). As more schools become academies it is inevitable that the services provided within local education departments will be different in size and scope in the future. In addition, a significant element of schools capital investment, in the form of the PSBP, will be undertaken via the Education Funding Agency, with minimal local authority involvement. This investment programme will be in the form of either capital grants or Private Finance Initiative (PFI) schemes;

- The transfer of **Public Health** functions to local authorities from 1st April 2013 presents a major opportunity to more closely link services in order to improve health across the city and better manage the longer term burden of healthcare. The development of synergies between social care, health and public health services will be important in this respect. At this stage, it is still not clear whether new funding allocations will match existing levels of Public Health expenditure.

- A major issue for local authorities will be whether to accept the **Council Tax Freeze Grant**. If a local authority decides to freeze Council Tax for 2013/14 the Government has indicated that it will provide a Council Tax Freeze grant for 2 years only, equivalent to a 1% increase in Council Tax. In parallel, a 2% Council Tax cap will be imposed on authorities. The choice facing Councils is whether to raise the tax, increasing resources available, or to limit the tax, with only temporary and partial mitigation of the “cost” through government grant.

- Changes to the **Council Tax Benefit system** will see local authorities taking responsibility for setting levels of council tax benefit, but doing so with a 10% reduction in resources. This places long term risk on local authorities and in Coventry’s case will reduce the level of grant by somewhere in the region of £3m. More recently, and subsequent to most local authorities setting their approach to providing benefits, the government has indicated that £100m will be available to allow those authorities who have decided to cut the level of benefit, so that the level of the cut can be kept within reasonable levels. Coventry has decided to maintain benefit levels and on this basis will qualify for a share of this one-off grant in 2013/14.

- The last 12 months has seen greater clarity in how **Pensions** will affect pension fund members and employers, with employees paying extra contributions on a scaled basis, together with changes in entitlement. There will be upward pressure on local authority contributions, in particular due to the need to fund benefits arising from past service. The next triennial review of the West Midlands Pension fund will take place in 2013, feeding into revised contributions from 2014/15.

3. The Local Economic and Financial Context

3.1 The City faces some huge economic challenges, but is well positioned to meet these. Household incomes are lower than the national average and unemployment higher. In addition, an indicator of general economic health, the “gross value added” is 10% lower for Coventry than the national average. However, the city has demonstrated that it is already addressing the challenges, for example through the success of the Olympics, and in developing innovative initiatives such as the Heatline waste to energy scheme. Furthermore, the city has many key strengths, including: huge economic potential, with a private sector with the appetite to work jointly with public services; a quality environment where the urban meets the rural; two top universities; a super connected city where 90% of premises will have superfast connections by 2015. The city is well placed to move forward from a solid base.

3.2 The financial starting point for the Council's MTFS is the forecast budgetary position as at February 2012, when the current budget was set.

3.3 The **revenue** budget gap assumed in February 2012 and subsequent changes in pressures are:-

	2013/14 £m	2014/15 £m	2015/16 £m
Revenue Gap per 2012/13 Budget Report (Feb 2012)	14.4	27.3	45.3
Emerging Risks & Pressures since 2012/13 Budget Report	14.2	15.8	15.9
Revised Revenue Budget Gap	**28.6**	**43.1**	**61.2**

3.4 The revenue position as at February 2012 was based on significant new Abc review programme savings of £4m in 2012/13 rising to £7m in 2014/15, plus £16m of other savings in 2012/13. The single most fundamental element of the Council's response to the financial and policy environment going forward is the ABC transformational review programme, which is now in its fourth year. Some very challenging savings are now built into the base programme, including £8m from the ABC Community, Learning & Young People (CLYP) review and £3m from the Abc Money Matters review. Reductions in staffing have played an important part in balancing the budget, with around 800 posts removed under the Early Retirement/Voluntary Redundancy (ER/VR) programme over the past two years.

3.5 The **capital** gap assumed in February 2012 and subsequent changes in pressures are:-

	2013/14 £m	2014/15 £m	2015/16 £m
Capital Gap per 2012/13 Budget Report (Feb 2012)	12.4	1.8	0.0
Changes since 2012/13 Budget Report	(1.4)	0.4	0.1
Revised Capital Budget Gap	**11.0**	**2.2**	**0.1**

3.6 Government no longer provides capital resources to local authorities through supported borrowing. Where government capital resources are provided they are mainly allocated through specific capital grants. Aside from the general pressure on public finances, capital reinvestment is constrained as local authorities struggle to general capital receipts in the current economic climate.

3.7 The level of reserves reported in the 2011/12 Outturn Report (£62.4m as at 31st March 2012) is adequate for the current known liabilities and approved policy commitments. Within this, a working balance of £6m, equivalent to c2% of the net revenue budget, is maintained to cover unforeseen financial problems and a further £8.5m is held to fund early retirement and voluntary redundancy costs over the plan period. The forecast level of reserves is anticipated to fall below £60m by the end of 2013/14.

3.8 Elsewhere on your agenda the Pre-Budget report sets out in detail the risks and pressures, as well as the detailed proposals for balancing the budget in 2013/14.

4. Principles that Underpin the City Council's Medium Term Financial Strategy

4.1 At a strategic level, resource allocation is driven by the City Council's policy priorities. In particular, the current Council Plan 2011/12 – 2013/14 sits at the heart of the authority's approach, encompassing the vision for the city as '*Coventry, proud to be a city that works for jobs and growth, better streets and pavements; to support and celebrate our young people and to protect our most vulnerable residents*."

4.2 Within this context, the key strategic principles that underpin the City Council's MTFS are:

- A corporate planning and monitoring process, that considers capital and revenue together. Within this framework clear accountability and delegation, with budgets managed by the designated budget holder, and reported through Directorate Management Teams, Corporate Management Board, Cabinet and Audit Committee;
- A drive to identify efficiencies and achievable savings implemented as the earliest opportunity, including making savings against existing budgets provided this does not detrimentally impact on the delivery of policy priorities. The Abc Programme has been central to this;
- Strong project management approaches, including a specific focus on cost control;
- The establishment of a balanced revenue budget and capital programme over the medium term planning period.

4.3 The technical assumptions on which the MTFS is based are included in Appendix 1 and major risks are set out in Appendix 2.

5. Strategic Approaches to Developing the City Council's Medium Term Financial Strategy

5.1 Within the context of those national developments which impact on local authorities, and the severe financial pressures that will be faced, a number of issues will figure prominently in the coming years and will significantly impact on the Council's MTFS. These include:

- In the light of the challenges that face the City Council, the development of **Abc** is of fundamental importance, both in terms of managing services and as a way to make savings and efficiencies. Abc continues to be focused on Fundamental Service Reviews as a mechanism for review. However, the nature of the Programme going forward will be different, with much greater emphasis on asking which things we need to stop doing, or need to do in partnership with others. The management of demand will be crucial, as we reshape services in a way that will inevitably entail downscaling, particularly in high spend areas. The level of savings required over the term of the MTFS cannot be met by merely doing things differently. Planned future Abc reviews will help the Council meet the challenges that we face across a number of areas, including public health, social care and Local Education Authority functions;
- The importance of driving **economic growth** is greater now than it has ever been. In order to maximise the financial benefit arising from economic growth, Coventry and Warwickshire authorities will operate a business rates pool from 2013/14. This will allow a greater share of any business rate growth to be retained locally than would otherwise be the case. The pursuit of economic growth in the city and region is central to Abc and the emerging City Deal, including how the Council can use its assets and powers to ensure an economically vibrant future for the City and its

people. In addition, the Council will consider how best it can use its cash balances and reserves to help stimulate growth, through for example, taking advantage of current low short term interest rates. The Council will need to actively assess the business cases for providing pump priming investment through Prudential Borrowing;

- The emergence of the **City Deal** presents the council, and its regional partners, with a major opportunity, but also a challenge. Coventry and Warwickshire was named by the government as one of 20 areas being asked to submit bids by 15th January 2012. In order to be successful the bid will need to demonstrate close working with our local authority, third sector and business partners, in a way that is transformational. City Deal will require capital investment to be targeted to facilitate economic development, including through major local developments;

- One significant and immediate issue facing the Council in setting the **Council Tax for 2013/14** is the level at which the Tax is set and the consequent impact on grant. Accepting the government Council Tax Freeze grant and not increasing Council Tax will a have a cost of £1m for each of the next two years and £2m pa thereafter, compared to raising the Council Tax by a maximum of 2%. Separately, it was previously forecast that Council Tax would increase by a maximum of 2.5%. However, the impact of a 2% cap would be a cost to the Council of £0.5m pa compared to previous forecasts of a 2.5% increase;

- In order to maximise and maintain City Council income it is proposed that the Council's default position is that **fees and charges** should increase annually in line with inflation. Beyond this, as part of an Abc income maximisation review the Council will need to rigorously review opportunities for charging where we currently do not charge, or increasing chargers where these are below the commercial rate. This will also entail assessing which businesses we remain in;

- The **generation of capital receipts** remains an important way in which the Council can generate funds for reinvestment in services and drive growth. Despite the impact of the recession, during 2012 significant funds have been realised through the sale of financial interests in the University of Warwick Science Park and the Waste Disposal Company. The review of the city council's financial and other assets needs to continue. The policy approach that classifies all capital receipts as corporate resources is fundamental to the MTFS. Where assets are sold there is sometimes a loss of income with dividends, rents and other income no longer being received. This income loss is managed corporately, for example through the partial use of capital receipts to generate on-going savings through the repayment of debt;

- In addition to capital receipts and prudential borrowing, the City Council will continue to seek other ways of **maximising capital investment**. These will include both grant and the Private Finance Initiative, as is the case in the Priority Schools Building Programme, but also through close working with partner organisations, as will be the case under City Deal The use of alternative ways to lever investment will also continue to feature prominently, including exploring ways in which the value locked up in City council assets can facilitate investment;

- The council's approach to **commissioning and procurement** is being updated through the Abc review to ensure that savings are delivered and that there is better co-ordination across the council, clear and more efficient governance and decision making arrangements, common processes and more commercial approach to the supplier relationships. Joint commissioning with partner local authorities will continue to be important;

- Sub regional **working with partner organisations** will continue across a number of areas, as a way to ensure that quality local services are provided efficiently. Examples of current and potential joint working include asset management work with Solihull and Warwickshire councils; the review of leisure services across the city; the review of Cultural Trusts within the City; business rate pooling with partner councils; the recent announcement that the Coventry and Warwickshire LEP has been awarded £24m as part of the government's Regional Growth Fund 3. Going forward, City Deal and Thinking Place will be crucial as ways in which the council, alongside its partners, can address the challenges that it faces;

- The council has consulted on a draft **Council Tax Benefit** scheme which replicates the current national scheme. This would ensure that low-income households do not experience any reduction in support and this would be at a cost to the Council of approximately £3 million;

- The increasing costs of the **pension scheme** have been reflected in the MTFS for some years. It is anticipated that this cost will rise with the triennial revaluation which will take effect from 2014/15, particularly given the need to meet the costs of past service.

- The **management of reserves** in a way that supports the MTFS and the Abc programme. In particular, the City Council's approach continues to be based on:

  – A local "golden rule" that reserves are not to be used to meet on-going expenditure;

  – The classification of reserves as a corporate resource, with Corporate Management Board considering the application of budgeted amounts unspent at year end;

  – Holding reserves for a clearly identifiable purpose. This will include protecting against known or potential liabilities, at a minimum level consistent with adequate coverage of those liabilities, taking into account the overall level of risk faced by an organisation of the City Council's size.

6. Timetable for implementing this decision

6.1 The MTFS supports the proposals and approaches set out in the pre-budget report and will be implemented in parallel to the proposals in that report from 2013/14.

7. Comments from the Director of Finance and Legal Services

7.1 Financial implications

The main body of this report is concerned wholly with financial matters. It is essential that the assumptions and principles detailed in the Strategy are adopted in order for the City Council to be able to deliver balanced budgets over the medium term.

7.2 Legal Implications

The proposals in this report provide the foundations to allow the Council to meet its statutory obligations in relation to setting a balanced budget by mid-March each year, in accordance with Section 32 of the Local Government Finance Act 1992 and section 25 of the Local Government Act 2003.

8. Other implications

8.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?

The Council will be faced with increasingly challenging resource constraints over the remainder of this decade. Whilst the approach taken thus far has been to identify savings options that are intended to have as little adverse impact as possible on services to the people of Coventry it is inevitable that budget reductions in the future will have a more marked effect on front-line services.

Within these very difficult circumstances, the MTFS supports the proposals within the pre-Budget Report. In this respect, the MTFS approach is very much aligned to existing policy priorities such as improving our roads and pavements and improving prospects for jobs and growth that are so critical to ensuring the city's success.

8.2 How is risk being managed?

Inability to deliver a balanced budget is one of the Council's key corporate risks. The proposals within this report are aimed at mitigating this risk by providing a robust platform from which to deliver balanced budgets.

8.3 What is the impact on the organisation?

The Council will need to make some decisions about which are its core priorities and which services it considers that it can no longer afford. It will also need to become more flexible about the mechanisms through which it delivers its services.

8.4 Equalities / EIA

Equality impacts that flow from the proposals that balance the Council's budget will be subject to assessment prior to the relevant decisions being taken. The pre-Budget Report specifically provides further details on the equality issues for proposals to balance the budget.

8.5 Implications for (or impact on) the environment

No specific impact.

8.6 Implications for partner organisations?

The Council's financial plans will have a significant impact upon the way in which it works with its partners over the coming years. The implications of these changes will become clear as individual changes are identified.

9. Conclusions

9.1 The seismic economic changes of the last few years, and the resultant continued pressure on public sector funding, mean that all local authorities face the prospect of a number of years of unprecedented financial constraint. Economic growth is central to recovery at both the local and national level.

9.2 Within this environment the City Council is committed to do all it can to make its services even better and raise the quality of life in the City. To achieve this, the council will look at the best way services can be delivered, whether through the council direct or in partnership with other organisations. However, the scale of the challenges facing authorities means that the council will need to actively consider what it does as well as how it does it, within the context of A Bolder Coventry.

9.3 The Medium Term Financial Strategy reflects these developments and sets out how the Council can respond to the financial challenges it faces, in a way that maintains the financial stability of the council.

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Appendix 1

Technical Assumptions within the Medium Term Financial Strategy

The MTFS is based on a number of technical assumptions:-

- Central government settlement figures as per the 2010 Spending Review. As referred to above, there is significant uncertainty about both the level and distribution of government resources;
- A Council tax increases of 2% in 2013/14 and 2.5%pa over the MTFS period (subject to the Government's future capping/referendum practice);
- Pay awards provided at : 1%pa (2013/14 and 2014/15) and 2.5% (2015/16);
- A stable council tax base;
- No increase in expenditure budgets in 2013/14, but increases in expenditure budgets in line with inflation (Retail Prices Index – RPIY) thereafter but subject to annual review.
- The achievement of Abc savings built into the budget process;

Appendix 2

Analysis of Financial Approach to Risks

	Named Risk and Key Element of Risk	Existing Financial Treatment and Any Implications For MTFS
1	Key projects (see below) - Failure of one or more key corporate projects.	Financial requirements for key projects are identified as part of project management arrangements and incorporated within medium term revenue/capital programmes as appropriate. Revised savings profiles are reflected in medium term plans as they arise.
	ABC Programme - Failure to achieve target savings and improvements in service.	
	Money Matters – Failure to produce a fit for purpose operating model and achieve target savings.	
	Adult Social Care Transformation - Failure to produce a fit for purpose operating model and achieve target savings.	
	CLYP Review - Failure to produce a fit for purpose operating model and achieve target savings.	
2	Health and safety - Failure to discharge health and safety responsibilities effectively.	The revenue programme contains on-going budgets to support our core health and safety duties and additional resources are identified to fund additional programmes of spend where necessary.
3	Finance - The Council is unable to produce a balanced budget in the medium term.	This strategy incorporates the measures that will enable us to balance our medium term programmes, in particular the delivery of the Abc Transformation Programme.
4	Equal Pay Claims - Successful litigation against the Council over equal pay claims causes significant unbudgeted costs.	A significant proportion of claims has been settled from within a £30m provision established for this purpose. Further claims are being defended through due legal process and the remainder of the £30m provision set aside for any potentially successful future claims.
5	Safeguarding Children – Risk that action is not taken in a timely and effective way to safeguard and protect vulnerable children and young people.	These services have significant levels of core funding within existing budgets. Such areas are kept under review and where it is demonstrated that further financial support is required to mitigate such risks then this will be factored into our financial plans.
6	Safeguarding Adults – Risk that vulnerable adults come to significant harm or die when this could have been prevented by Council or other related services.	These services have significant levels of core funding within existing budgets. Such areas are kept under review and where it is demonstrated that further financial support is required to mitigate such risks then this will be factored into our financial plans.
7	Safeguarding Awareness – Failure to raise awareness of approaches to safeguarding	This is principally an organisational/procedural matter. Financial provision has been and will be provided to support mitigating actions as appropriate.
8	Organisational Change – Risk of managerial non-cooperation with change requirements.	This is principally an organisational/management matter.
9	Market Failure of the Independent Sector – Risk that the sector will not	These services have significant levels of core funding within existing budgets and the issue is more about

	have the capacity to deliver services to required standards and that responsibility falling back onto the Council.	support to existing service structures and relationships with key provider partners. This area is one of significant change currently.
10	Major Incident – Failure to respond efficiently and effectively to a major incident.	This is principally an organisational/procedural issue. Financial provision has been and will be provided to support this area as appropriate.
11	School Entering an Ofsted Category –Risk that a school is placed in a category requiring special measures	The implementation of a targeted intervention programme of challenge and support in schools at risk of being graded inadequate.
12	Welfare Reform – Risk the Council fails to consider and manage the impact that Welfare Reform will have both on its key stakeholders, (i.e. employees, vulnerable residents) as well as the Council as a whole (i.e. funding, demand for services).	To determine which Services in the Council may be affected by changes resulting from Welfare Reform. To assess the impact (e.g. financial, operational) that the changes will have on specific services identified. To investigate options for responding to pressures identified.
13	ACL / Coventry City Football Club - The value of the Council's shareholding in Arena Coventry Limited (ACL) is impacted upon by the position of Coventry City Football Club (CCFC) and could lead to reputational issues.	The Council is managing its shareholding interest through regular review of the current status of events at CMB and Member level. The ACL Board includes representation from senior Council officers in capacity as Directors. The Council has been receiving external legal, restructuring and insolvency advice. The Council is in regular discussions with the other Directors on the ACL Board, the other shareholder the Higgs Charity and SISU. In terms of reputation, the Council is developing an agreed strategy jointly with ACL, Higgs and professional advisors.