APPENDIX 'D'

RISKS	RESPONSE
1. Income projections are too optimistic. The budget is reliant upon several, substantial income streams, some of which have been variable recently. If income shows a downturn compared with the level included in the budget, this will have a significant impact on the Council's financial position.	Levels of income will be carefully monitored and reported, with summary reports being submitted to CMT on a monthly basis. If income is below budget in any area, action will then have to be taken to identify compensating savings or additional income elsewhere.
2. New areas of savings included in the 2006/07 budget are not achievable; for example, savings from restructuring, the new income stream for special events at the Riverside.	The financial implications of the proposal restructuring will be reported to Council; if savings are less than the amount incorporated in the budget projections then alternative, offsetting, savings will have to be identified and reported. The new income streams will have to be carefully monitored to ensure that the target income is achieved.
3. Assumed ongoing savings are not achievable, for example, the saving assumed from vacancy management is now included in the base budget.	Target savings from vacancy management will be allocated to each Directorate, and action will then have to be taken to ensure that this is achieved. This will mean that cover for vacant posts will require the approval of the Director.
4. Budgeted income from interest on investments is not achieved. This is dependent on the phasing of the capital programme expenditure and the timing of capital receipts.	Income from investment income will be monitored and reported. Phasing is planned capital expenditure and capital receipts will continue to be built into the cash flow forecasts in order to maximise opportunities for investment.
5. Growth excluded from the budget needs to be funded. The 2006/07 budget includes all growth identified as unavoidable but excludes the majority of growth bids submitted by service managers.	Any areas which require additional funding will have to be flagged up at an early a stage as possible in the new financial year. Funding will then have to be sought from existing revenue budget or additional income in accordance with financial regulations.
6. Several growth bids have been identified as priority areas by the Executive - for example funding for the Homelessness service (which is a statutory duty) and funding for equalities work (which is a key strategic risk) - but these are dependent on offsetting savings being found to meet these additional costs.	It is essential that further savings are identified at an early stage in the new financial year to ensure these priority areas receive the required funding.