

Risk assessed reserves for Wiltshire CFA

Risk	2015/16	Commentary
	£'000s	
Underestimate of pay awards by 1.0%	High	180 The revenue budget allows for pay awards of 2% in 2014/15 and 2% thereafter. Given that there have already been several years of pay freeze and inflation is still running above the Government's target of 2%, it would be prudent to recognise this as a high financial risk. £180k would cover the full year effect of a 1% variation across all staffing groups
Impact on the retained pay budget of large scale incidents or others periods of high activity such as those due to spate weather conditions	High	230 These sorts of events can all lead to significant increases in operational activity. As a largely retained, "pay as you go" service, this represents a particular risk to Wiltshire and allowance needs to be made for increased activity and costs by retained firefighters. £230k equates to approximately 20% of the budget for retained activity paid for on activity.
Risk of industrial action/inability to respond to emergency incidents	High	100 This continues to be a very high risk given the financial pressures on all public sector organisations, the likelihood of further cuts in funding and potential for service changes, public sector pay freezes and changes to public sector pensions. Amount based on historic costs 2013/14.
Failure to adequately provide for non-pay inflation	Low	50 The budget allows for a very small element of general price inflation as well as specific contractual inflation in certain circumstances, however in the main, budgets have been cash limited with no inflationary increase. This may not always prove adequate.
Increase in employer contribution rate for the 1992 Firefighters Pension Scheme and 2006 New Firefighters Pension Scheme	Medium	90 Employer contributions for firefighter pensions total over £1.5m per year. The Government is yet to publish the results of the latest valuation of the latest valuation of the Firefighters Pension Schemes or full details of the proposed 2015 Firefighters Pension Scheme. There is a risk that employer contribution rates could be increased. This sum would cover the first year costs of a 1% increase.

Increased take up of pension entitlement by Retained Duty System personnel	Medium	50	The revenue budget does not allow for an increase in pension uptake, but this is LIKELY as a result of “automatic enrolment”.
Uninsured risks and / or unfavourable outcome to any legal action taken against the Authority - including health and safety risks, procurement challenges, employment issues, etc	Low	50	The Authority has comprehensive insurance arrangements in place but these cannot cover all possible risks or potential legal costs. For instance, there are some uninsured risks not covered, such as equal pay, negligence or discrimination claims.
Contribution to major incident not covered by Bellwin	Low	50	In the event of an incident occurring in Wiltshire that would be covered by the Bellwin Scheme the Authority would be required to make a contribution equivalent to 0.2% of its revenue budget, plus 15% of the amount spent over the threshold of £50k.
Council tax collection rates, collection fund surpluses/deficits, taxbase and the impact of localised support for council tax are worse than forecast	High	200	Following the introduction of localised support for council tax and other technical changes to council tax such as the discount for second homes, the billing authorities have made assumptions about the level of collection rates and council tax base. If these assumptions prove to be overly optimistic we could see a reduction in council tax income and this could happen in year. Our taxbase under the new system is currently 233,580 and a variation of less than 1% would result on the loss of £148k in income, plus the likelihood of Collection Fund Deficits £50k.
Future reductions in Government funding are worse than forecast	High	200	The Government announced in its Spending Round 2013 expected levels of funding reductions for local authorities, in addition to those of CSR2010. The Medium Term Financial Strategy assumes reductions in government funding of 8% in 2015/16 and a further 5.5% in 2016/17 and 2017/18 but this may prove to be inadequate. Latest indications are that cuts are higher than 5.5% in the latter years.
General contingency for unidentified items	High	250	The revenue budget does not make any provision for in year financial contingency. Given the current level of budget cuts and forecast future reductions there is a risk that the Service would be unable to manage a significant one off cost not covered specifically above. This could, for example, be a requirement to undertake some major unplanned property works.

1,450 General Balances Risk Assessment

