

## Key Risks

Type of Risk	Comment
Revenue balances insufficient to meet estimate pay award increases	The medium term planning period takes into account a 1% increase for the period 2014/15 to 2016/17
Revenue balances insufficient to meet estimate of Employers' pension contributions	Pension Contributions have been budgeted at 15.9% for the period 2014/15 to 2016/17
Revenue balances insufficient to meet other inflationary increases	Other than contractual agreements, budgets have been cash limited where possible.
Interest rates resulting in significant variations in estimated interest income	The interest rate has a significant impact on the proceeds from capital receipts that are invested in the money market. The volatility of the global economy continues to place uncertainty on the investment strategy. (see Treasury Management Strategy at Appendix 11 )
Inaccurate estimates of fees and charges income	See Key Budget Indicators shown in the latest Finance Digest on the Council's intranet
Revenue balances insufficient to meet loss of partial exemption for VAT	If the council's expenditure on functions for which it receives income that is exempt for VAT purposes exceeds 5% of its total vat able expenditure, then the Council may lose its ability to recover VAT on all of its exempt inputs. The new market management arrangement may increase this risk
Major emergency	Major Emergency requires funds beyond Belwin scheme and causes serious drain on balances
The estimated cost reductions and additional income gains are not achieved	Savings identified in 2014/15 will be monitored as part of the monthly Finance Digest process.
The Council is faced with potential litigation and other employment related risks	The Council has one outstanding litigation case.
The amount of government grant is adversely affected	The grant settlement for the 2 year period 2014/15 and 2015/16 has been factored into the MTFS along with a 5% decrease for 2016/17.
Fluctuations in Business Rates Retention	The Council is legally obliged to cover the first 7.5% loss on its pre determined baseline level.
Right to Buy Receipts & VAT Shelter Receipts	Under the Housing stock transfer with Watford Community Housing Trust (WCHT) the Council is entitled to use its share of the proceeds to fund the capital programme. The level of activity on both these income streams are outside the Council's control.