City of Bradford MDC
www.bradford.gov.uk

Report of the Strategic Director - Corporate Services to the meeting of Executive to be held on 21 February 2017 and Council to be held on 23 February 2017

Document BJ

Subject:

S151 Officer's assessment of the robustness of the proposed budget estimates for 2017/18, and of the adequacy of forecast financial reserves

Summary statement:

This report assesses the risks related to the proposed budget for the financial year 2017/18, and the adequacy of the available mitigations, in the context of the forecast reserves.

It concludes that the estimates are sufficiently robust for the Council to set the budget. It signals the need for unallocated reserves to be maintained in the range of £12-15m in future years in order to ensure financial resilience.

Stuart McKinnon-Evans
Strategic Director – Corporate Services

Portfolio: **Leader of Council and Corporate**

Report Contact: Stuart McKinnon-Evans, Strategic Director - Corporate Services
Phone: (01274) 432800
E-mail: Stuart.McKinnon-Evans@bradford.gov.uk

Overview & Scrutiny Area: N/A

1. SUMMARY

This report assesses the risks associated with the proposed budget for 2017/18, and the adequacy of the available mitigations. The assessment is made in the context of the proposed use of reserves and the outlook to 2020/21.

The Council is setting the budget for 2017/18, and making decisions about savings for 2018/19 which will require management action during 2017/18. A Council Plan has been agreed for 2017/18-2020/21, and through this budgeting process, an indicative financial plan to 2020/21 has been produced, which is balanced and sets a clear direction for the next 4 years' financial management.

Last year, I concluded that unallocated reserves in the range of £12-15m would be adequate, pending agreement of a new round of cost reductions. The new reductions are being proposed through this budget, and my conclusion about the level of unallocated reserves required remains the same. Indeed, the proposed budget anticipates unallocated reserves to be in that range for the next 4 years.

Based on my current risk assessment, in my view, subject to the Council successfully implementing the planned level of net cost reduction over the next four years, the balance sheet will be sufficiently resilient to deal with residual uncertainties in the environment.

The report concludes that the estimates are sufficiently robust for the Council to set the budget for 2017/18.

2. BACKGROUND

I am the Council's S151 Officer under the Local Government Act 1972. Under Section 25 of the Local Government Act 2003, when the Council sets the budget, I am required to report on:

- the robustness of the estimates made for the purposes of the calculations, and
- the adequacy of the proposed financial reserves.

This report comments on the revenue and capital estimates in the proposed budget.
My assessment is informed by extensive personal involvement in the development of the proposed budget.

3. OPTIONS

This report does not set out alternative options. Legislation requires Council to have regard to this report and my assessment when setting the budget.

4. FINANCIAL & RESOURCE APPRAISAL

The financial appraisal underpinning my assessment is set out in the separate reports to this Executive on planned revenue and capital spending.

My assessment is as follows:

- the principal financial imperative for the Council is to reduce its recurrent cost base, in order to remain a credible and viable organisation. The detailed budget being proposed is balanced in 2017/18 and 2018/19, with the indicative budget also balanced through to 2020/21. The Council is setting a clear path for financial sustainability, which means the key task now becomes converting the plan into reality

- The forecast outturn for 2016/17 is for a balanced position in aggregate terms. However, the budgets for adult services and children's specialist services remain under pressure. (Their projected overspend of c £6m is being financed by underspends in other services.) The baseline budget for those services has been uplifted by £3.5m to reflect the anticipated demand caused by demographic growth. The baseline has otherwise not been adjusted to reflect the 2016/17 actual result, in line with the well-established principle that the baseline is adjusted only by the specific budget changes proposed by Executive. This approach does increase the degree of financial pressure on those services, as they need to rein in their overspends in addition to implementing new changes. The task is particularly demanding for adult services

- The Government has confirmed it clear intention to reduce Revenue Support Grant (RSG) to zero by 2020/21. The Council has accepted the Government's four year funding deal, submitting its proposed budget as its "efficiency plan". The four year deal gives a degree of certainty about how RSG will decline

- Reforms of the Business Rate system are being consulted on, including the mechanism which compensates for the differences between needs and resources across the country. While reform is not expected to be implemented before 2020, it brings some uncertainty towards the end of the 4 year period

- As Revenue Support Grant drops out, taxation income from Council Tax and Business Rates become more important. The financial plan assumes modest growth in both sources. Based on recent experience, Business Rate income is far less certain, and even though prudent assumptions have been made, the estimate of expected collectible tax is volatile

- Continuing developments in the integration of health and social care, and the impact of NHS Sustainability and Transformation Plans, may bring consequences not factored into the medium term shape of the Council. For now, this assessment is based on the existing role and form of local authorities, and the assumption that new models of care would be funded from existing resources

- The scale of the changes required to deliver cost reductions means a complex programme of change with typically 6-9 month lead times. Recent experience has shown that even longer horizons are required fully to implement changes affecting many stakeholders. The programme of change to be implemented will include decisions agreed by Budget Council in 2016, with a wide range of individual changes of varying magnitude, risk and timescales. As a result, several layers of change need to be managed, with projects of varying maturity. This stretches the capacity of the organisation to deliver current operations and introduce reform at the same time

- The 2 year detailed plan plus 2 year indicative spending plan sets a clear financial path for recurrent revenue spending. The budget also includes non-recurrent spending, to fund restructuring costs and to allow investment to support change and transformation. This will help mitigate risks of a lack of capacity and capability to deliver the level of planned change

- The proposed budget has been developed with the Executive members, and reflects extensive engagement from Portfolio Holders, and management teams, which started in early summer 2016. The approach taken was outcome led: every area of activity was tested against the extent to which it supported the Council's priority outcomes, and the extent to which activity being undertaken will be effective in delivering those outcomes. The proposed budget therefore reflects a comprehensive stocktake of all expenditure and income

- Extensive public and internal consultation has allowed the new proposals to be tested, refined, and their impacts better understood. The level of consultation is in keeping with that seen in previous years, which has enabled the Council to deliver change within manageable tolerances. In some cases, the proposals will need further development to turn them into fully-worked up implementation plans in keeping with the Council's adopted project management standards

- The range of proposals to reduce net costs is wide, and distributed across the Council, which in itself diversifies the risk. In many cases the proposed changes are independent and mutually exclusive at an operational level. However, the multiple impact of discrete changes on individuals and single organisations, is not always apparent

- The proposed changes in Health and Wellbeing are complex and multi-faceted. The ambition is to reduce over time the need for higher cost services by promoting the Home First Model including the need to work with NHS partners to develop new models of integrated health and social care. Experience to date suggests that these models are not yet assured sources of cost reduction, so the Council will need to be disciplined in the delivery of savings from its own budgets. The Health and Wellbeing budget includes £2.9m growth each year for demographic-led demand increases, a redirection of public health grant away from clinical interventions to social care, increases in the social care precept of 3/3/0%, plus non-recurrent additional Adult Social Care Support Grant from central government of £2.3m. Despite these welcome additional funds in the short term, the totality of factors affecting spending and funding still require net cost reductions in adult social care.

- The proposed allocation of the Dedicated Schools Grant (DSG) has been the subject of extensive and detailed development, scrutiny and ratification by the Schools Forum and its working groups. In 2017/18 schools will be managing tighter budgets - a consequence of the gap between total funding and inflation-driven cost pressures. Moreover, individual schools will be variously adjusting to the anticipated effect of the National Funding Formula being introduced in April 2018. The impact on the local authority's functions of changes in the DSG and the related Educated Services Grant (ESG) has been anticipated in the proposed budget. In some circumstances, the Council is exposed to potential residual risks of academy conversions. These are unknown and uncertain, and have not been specifically provided for in the financial plan

- Adjustments to the base estimates to reflect changes in prices have been revised to reflect latest inflation data as it relates to the Council's cost base and supply chain. The impact of potential greater inflationary pressures in the economy on the medium term outlook will need to be managed

- Past experience suggests there will be a residual risk that activity will not be delivered to planned timescales. Where this occurs, mechanisms are available to carry forward funds between years. Based on previous years experience, there is a risk that around £0-2m of non-recurrent revenue may carry forward. This is an acceptable financial risk except where delays means failure to deliver timely savings – these need to be managed on a case by case basis

- For 2017/18, all savings proposals are allocated to a responsible Director. There are no unallocated reductions

- Slippage of the Capital Investment Plan can be managed without risk to affordability

- Contingencies in the base revenue budget have been set at a level consistent with experience in 2016/17.

I confirm therefore that the estimates are sufficiently robust for the purpose of calculating the budgetary requirement.

Reserves

The Council's financial strategy over the last 5 years has been to maintain the strength of the balance sheet to provide resilience in a turbulent environment, whilst reducing the recurrent net cost base. The Council adopted and has adhered to a policy on the use of reserves which has served it well.

The balance sheet includes

- Unallocated Corporate Reserves
- reserves set aside for designated purposes and for specific liabilities and risks.

The 2016/17 budget used c £6m of Unallocated Corporate Reserves, leaving a balance of £14m.

In setting the proposed four year plan, a total of c £15m previously designated reserves are being redirected to fund redundancy and transformation costs, and to balance the annual revenue budgets over 4 years. Looking at 2016/17 specifically, more than £16m reserves are being utilised, of which £12m will be used to finance specific non-recurrent spending and £4m to balance the aggregate revenue position. In later years, some of the redesignated reserves can be replenished. The planned annual movements are detailed in Appendix G of Document BG.

This approach means that Unallocated Corporate Reserves remain at £14m, over the 4 year period providing additional contingency against unfunded risks.

The financial challenge remains very tough. In my view, there still remains an unreconciled tension between resources, citizen expectations, and the statutory framework which may at least inhibit, if not prevent, the Council from curtailing or stopping entirely services. This applies particularly to services provided to individuals of all ages who, because of their personal circumstances, qualify for personal services. We also see this in the responses to the consultation on the budget, including continuing dialogue and negotiation about budget decisions that were made 2 years ago and are still being implemented.

In this context, the projected Unallocated Corporate Reserves for 2018/19 and beyond remain adequate ***only if***

- the significant residual risks to the delivery of the proposed savings from previous and new decisions can be managed
- the indicative spending plans for 2019/20-2020/21 are developed, agreed and implemented
- The amount of contingency in the annual base budget remains adequate to deal with the volatility of in-year financial performance (and we will know that only at the end of 2017/18)
- Potential liabilities are manageable within the balance sheet's provisions and reserves
- Local sources of taxation and other income turn out as planned (with a particular concern about the volatility of the Business Rate base).

A residual unallocated reserve of £14m represents 3.9 % of the affordable projected net revenue spend of c £360m in 2018/19 in what will remain a highly turbulent environment, given the continuing difficult outlook for public finances. Aiming for Unallocated Corporate Reserves in the range of £12-15m would, in my view, retain the resilience of the Council's position.

I therefore conclude that:

- the reserves are adequate for the 2017/18 proposed budget
- the Council has a clear reserves plan for the medium term
- the key to financial resilience now lies firmly in successfully implementing plans.

5. RISK MANAGEMENT AND GOVERNANCE ISSUES

In reaching this conclusion I have modelled the potential financial impact of the risks identified in Appendix 1 to this paper. Using a quantitative method combining the likelihood and impact of adverse events occurring, I estimate that the level of risk that needs to be managed is in the order of £14m to avoid further calls on the Unallocated Corporate reserves. This risk analysis will be used to inform management action during the year.

The existing and proposed governance mechanisms to manage the budget are examined as part of my risk assessment.

6. LEGAL APPRAISAL

This assessment is made in accordance with the requirements of the Local Government Acts 1972 and 2003. The Council's Constitution provides that each year, before the budget is determined the Strategic Director - Corporate Services will produce a report for the Executive showing ongoing commitments and a forecast of the total resources available to the Council to enable the Executive to determine any financial strategy guidelines.

7. OTHER IMPLICATIONS

The Equality and Diversity issues arising from the new budget proposals are analysed in the reports accompanying the budget documentation presented to Executive on 7 February and 21 February 2017, plus addenda presented at the meeting. The Interim Trade Union feedback on the budget proposals is documented and reported in a similar way. The Trade Union feedback and the feedback from the public engagement and consultation programme on the proposals previously approved by Budget Council in February 2016 was fully considered by Council at that time.

8. RECOMMENDATIONS

That Members have regard to this report in setting the budget, and in particular note my conclusions that:

- the estimates presented to Council are sufficiently robust for the purpose of calculating the budgetary requirement

- the reserves are adequate for the 2017/18 proposed budget, and will be drawn on in accordance with proposed plan and reserves policy, recognising that estimates will be subject to review as part of the rolling planning cycle

- the projected corporate reserves to 2020/21 would, on current estimates, be adequate, subject to the implementation of the rest of the proposed financial plan.

9. APPENDICES

9.1 Appendix 1: Risk-Based Assessment of Potential Events

10. BACKGROUND DOCUMENTS

- Proposed Financial Plan 2017/18 – 2020/21 – Executive report 6 December 2016 (Document AJ)

- 2017/18 and 2018/19 Budget Update and Financial Outlook to 2020/21 – Executive report 7 February 2017 (Document AZ)
- Consultation Feedback and Equality Assessments for 2017/18 and 2018/19 Council Budget proposals – Executive report 7 February 2017 (Document BA)
- Interim Trade Union Feedback on the Council's budget proposals for 2017/18 and 2018/19 Council budget – Executive report 7 February 2017 (Document BB)
- The Council's Revenue Estimates 2017/18 and 2018/19 – Executive report 21 February 2017 (Document BG)
- Allocation of the Schools Budget 2017/18 Financial Year – Executive Report 21 February 2017 (Document BH)
- Council's Capital Investment Plan 2017/18 to 2020/21 – Executive report 21 February 2017 (Document BI)

APPENDIX 1

Risk-Based Assessment of Potential Events Affecting the Proposed 2017/18 Budget and Beyond

The table outlines: the risk event that could occur and cause the plan to vary; the mitigations that are in place; and an assessment of the potential quantified impact of the individual risk materialising, together with the additional mitigating factors.

Risk Event	**Description and Mitigation in Place**	**Residual Risk Rating (Likelihood/Impact) and Contingency**
		Likelihood: Low <20% <Medium < 50%< High<70% Impact: Low <£2m< Medium < £3m < High < £5m
Taxation streams are unstable	Collection rates and bad debt provision have been revised in the light of actual experience of the Council Tax Reduction scheme, Business Rates performance continues to be more volatile than Council Tax, with the outcome of appeals significantly reducing the tax yield. In year losses and gains can be handled through the Collection Fund, while variances can be dealt with in future years plans	High/Medium Contingency provided through adjustment of plans for subsequent years.
Other income streams unstable	The 2016/17 forecast outturn suggests non-tax income streams have been less volatile than in previous years. NHS funding streams may be at risk in the wake of current financial control difficulties. Past performance suggests that unplanned income may materialise, offsetting generally the risks against the aggregate net revenue budget. The Council is becoming more successful a securing competitive grants. Proposals to increase income for adults services are currently subject to legal challenge.	Low/Low Contingency provided through in-year budget control. Continuous dialogue with NHS partners over funding flows More active bidding for external funds Close monitoring of trading
Member support for the budget diminishes	The Executive and individual Portfolio Holders, have been involved at a very detailed level in the development of the proposals. The financial plan reflects the Council Plan which has also had significant member input.	Low/Low Contingency provided through adjustment of plans for subsequent years

Risk Event	**Description and Mitigation in Place**	**Residual Risk Rating (Likelihood/Impact) and Contingency**
		Likelihood: Low <20% <Medium < 50%< High<70% Impact: Low <£2m< Medium < £3m < High < £5m
Plans for implementation of changes are not robust	Each savings proposal is required to be accompanied by a project plan setting out the implementation path. The impact of the plans has been tested in consultation. The degree of risk in each individual proposed change varies, and requires continuous project management. The proposals in Adult Services require changes in staff attitudes to assessing and meeting needs, client behaviour, and supply side response. In Children's Services, the changes are wide-reaching and comprehensive, and external resource has already been procured to assist. Implementation requires dedicated project management resource (which has been funded in the budget). Lessons learned from the last two years suggest that not having fully worked up plans at the beginning of the year hampers delivery- this risk is not yet fully mitigated at the time of this assessment	Medium/Low Mitigation provided through continuous improvement of plans.
Planning is insufficiently flexible to respond to unexpected events	Governance arrangements allow Directors, under delegated authorities, and in consultation with Portfolio Holders, to flex plans during the year. If necessary, recourse can be had to the Executive to approve changes within the overall agreed budget envelope	Low/Low
Implementation of change is poorly controlled, or compromised by insufficient internal capacity	From 2011/12 to 2016/17, the Council has managed to implement savings of around £210m. Looking at performance in 2016/17, 87% of specific savings plans are forecast to convert into actual savings on time (compared with 86% in 2015/16). Given the cumulative impact of the savings since 2010, it will be increasingly hard to find mitigating savings. The degree of risk varies across Departments. The standard "7 Keys" programme and project management method, which has been adopted across Departments, will continue. There is a risk that the multiple impact of discrete changes on individuals or single organisations is not apparent until implementation, with unintended consequences that may need addressing.	Medium/Medium Compensating action to reduce net costs Non-recurrent funds are available to pay for change management, to reduce the risk of insufficient capacity Contingency in base budget.

Risk Event	Description and Mitigation in Place	Residual Risk Rating (Likelihood/Impact) and Contingency
		Likelihood: Low <20% <Medium < 50%< High<70% Impact: Low <£2m< Medium < £3m < High < £5m
Risks to timely implementation of changes to packages of care in adults and children services	The programme of change for Adult Services continues to be risk-laden in view of: the interconnectedness of the changes; the number and range of stakeholders to be consulted and managed; the statutory framework; the close links between local decisions and nationally-sponsored policy and thinking on new models of health and social care; the financial challenges faced by businesses in the social sector; and recent actual experience of managing change. The package of proposals to reform entitlements to and methods of transporting children with high needs to and from school has not yet yielded the intended financial benefits. The proposals from Children's Services will require a significant project management effort, with a package of reforms that include a fundamental rethink about care arrangements for children with needs for specialist services; the rapid move to school-led improvement; and new ways of working with schools to deliver some special educational needs services. These risks will be monitored through project management.	High/High Use of dedicated programme management resource Continued collaboration with NHS and other partners Learning from developments in other local authorities Adoption of higher risk appetite in the assessment of individual cases Use of external support/expertise
Uncertainties over the integration of health and social care, including delays in developing new models of care to support changes to service delivery	The future of adult social care is heavily influenced by national policy on integration. Work to develop "accountable care systems" could run slower than is necessary to inform/support local changes, with potential adverse financial and client impacts. Governance mechanisms including Health and Wellbeing Board and supporting bodies are in place, allowing shared planning with NHS partners, and joint participation in nationally led initiatives. Negotiations continue over the distribution of the Better Care Fund. Financial pressures in the NHS could trigger higher degrees of organisational change, which divert leadership attention away from job of managing client demand which lies at the heart of the adult services changes required to deliver the budget.	High/Medium The Council may have to make unilateral changes if the pace of change is too slow

Risk Event	Description and Mitigation in Place	Residual Risk Rating (Likelihood/Impact) and Contingency
		Likelihood: Low <20% <Medium < 50%< High<70% Impact: Low <£2m< Medium < £3m < High < £5m
Changes related to staff cannot be implemented to plan	Consultation with Trade Unions commenced on 28 November 2016, and has continued since. Implementation will focus on avoiding compulsory redundancy. The voluntary redundancy framework has proved to be effective, though there is a need to ensure that the skill base of the workforce is maintained. The total number of staff that could be at risk from this proposed budget is 118 FTE for 2017/18, and 108 for 2018/19 (in addition to 191 FTE for 2017/18 arising from decisions of 2016 Budget Council). Staff related changes account for c 5.9m, or 16% of total budget changes in 2017/18.	Low/Low Compensating action to reduce net costs Vacancy Management Contingency provided in base budget
Changes related to external suppliers cannot be implemented to plan	The new budget proposals foresee a reduction to spending with external suppliers of £28.2m or 77% of total budget changes in 2017/18. Past experience suggests that through individual contract negotiation budgets can be managed through a combination of volume and price; and increasingly through re-commissioning for revised levels of service. Suppliers of adult social care continue to show signs of financial stress, including from the anticipated impact of the National Living Wage. Additional funding for Adult Services will be available from the extra 3% increase in Council Tax	Low/Medium Compensating action to reduce net costs Additional 3% Council Tax rise to support adult social care costs Contingency provided in base budget
Changes related to income generation cannot be implemented to plan	The proposed budget assumes aggregate income from non-taxation sources rises by c 0.5% annually as a result of inflation. Targeted increases in income in 2017/18 are £2.6m or 7% of total budget changes in 2017/18. The revised policy for social care charges is subject to an extended consultation period, resulting in delays in implementation.	Low/Low Compensating action to reduce net costs Contingency provided in base budget
Customer/ citizen behaviour is inconsistent with plan	Some budgets require significant degrees of change in behaviour and expectations on the part of service users and their representatives; and continuing consultation processes may pose risks to implementation. Experience to date says the most sensitive areas are in Adult Services; in Children's specialist services, and in local everyday services such as parking, public conveniences, and	Medium/Medium Compensating action to reduce net costs Contingency provided in base budget

Risk Event	**Description and Mitigation in Place**	**Residual Risk Rating (Likelihood/Impact) and Contingency**
		Likelihood: Low <20% <Medium < 50%< High<70% Impact: Low <£2m< Medium < £3m < High < £5m
	community amenities.	
External stakeholder groups resist and delay change	Experience over the last 5 years suggests that where change affects groups who have the capacity to organise challenge to the implementation of agreed budget decision, the result can be delay, which inhibits the timely delivery of savings	Medium/Low Stakeholder management as part of implementation Contingency planning
Demographic changes place unplanned burden on resources	The proposed budget has been increased to account for £2.9m of demographic growth in Adult Services, and £0.6m from Looked After Children. The Schools budgets (funded by the DSG) reflect the latest pupil census. It is expected that demographic growth and changes in the composition of the population will continue to lead to service pressures, which may need to be factored into future plans.	Low/Low Contingency provided through adjustment of plans for subsequent years
Insufficient inflation allowance is provided in the plan	Expenditure budgets have been selectively inflated at indices appropriate for the relevant commodities, ranging from 0.5% to 2.0%. Where appropriate, budget managers will need to absorb unfunded inflation through reducing consumption of goods and services. Pay budgets have been inflated to reflect nationally agreed pay awards. The impact of potential greater inflationary pressures in the economy on the medium term outlook will need to be managed	Low/Low Compensating action to reduce net costs
Capital investment is poorly controlled	The level of contingency in the capital plans is in line with historically consistent levels. Some individual projects have yet to reach full business case stage, so their cost will need to be monitored. Recent experience suggests that capital projects take longer to implement than implied by the financial plan; but the revenue budget implications tend to be favourable.	Low/Low Contingency provided through adjustment of plans for subsequent years
Sources of funds for capital investment do not materialise	The capital investment plan is partly funded from capital receipts (c £3m per year). If they do not materialise, the plan (or individual projects within in which are dependent on receipts) will need to be reviewed.	Low/Low Contingency provided through adjustment of plans for subsequent years

Risk Event	**Description and Mitigation in Place**	**Residual Risk Rating (Likelihood/Impact) and Contingency**
		Likelihood: Low <20% <Medium < 50%< High<70% Impact: Low <£2m< Medium < £3m < High < £5m
The baseline budget is structurally compromised	The proposed budget is set using the 2016/17 baseline as amended for specific changes. The 2016/17 outturn shows a combination of overspend pressures and compensating underspends. Not all these variances have been adjusted for in the 2017/18 budget, in order to maintain financial discipline.	Medium/Medium Directors can use their delegated budgets flexibly
Changes in school funding and in school structures created unforeseen and unfunded liabilities	Three factors could lead to financial stress in schools, which, under some circumstances, could create liabilities for the Council's budget: the increasing gap between funding and inflation-driven costs; the impact of the National Funding Formula on individual schools; conversions to academies. No additional provision has been made in the budget for these risks	Medium/Medium Support for/intervention in individual schools On-going dialogue with Regional Schools Commissioner Engagement with Bradford Schools Forum
Internal governance arrangements are not fit for purpose	Constitutional arrangements, internal delegations, and the financial control environment are in place and, from audit testing, are effective. The Schools Forum and the supporting mechanisms are likewise effective at enabling a mature discussion about the use of local authority and DSG funds to support schools and pupils. Governance arrangements for health and social care are also well established. New internal governance to support change management will reduce the risk of departmental silo mentality.	Low/low
Governance arrangements with external parties are not fit for purpose	Governance arrangements at District level have been re-tuned during 2016. Reforms continue in the education governance landscape. The Health and Wellbeing Board and supporting arrangements are in place, though the pace of development is often overtaken by national NHS developments. At regional level, Combined Authority governance is bedded in, though further changes may evolve in the wake of the fluid devolution agenda. These factors do not increase financial risk as much as absorb leadership and management attention.	Low/Low