

APPENDIX G: RISK BASED ASSESSMENT OF THE LEVEL OF GENERAL FUND BALANCES

Potential Risk Area	Comments including any mitigation factors		
Income from areas within the base budget where the Council raises "Fees and Charges"	Potential risk that the budgeted level of income from activities where the Council is charging for services will not be achieved. This is anticipated largely to be as a result of the downturn in economy, but could also be as a result of poor weather, new competition. All "fees and charges" income is reviewed as part of the monthly/quarterly budget monitoring process. All budgets are profiled over the year based upon previous experience.		
		Calculated Risk	
Specific Areas	Estimated Income	Likelihood Percentage	Balances Required
Parking Income	£4,015,480	2.5%	£100,387
Development Control Income	£237,830	10%	£23,783
Land Charges Income	£90,000	20%	£18,000
Recycling Income	£700,620	2.5%	£17,516
Garages	£2,825,010	0.50%	£14,125
Trade Refuse & Skips	£807,520	0.50%	£4,038
Indoor Market	£430,100	2.50%	£10,753
Commercial Property Income	£3,572,560	3%	£89,314
Total			£277,915

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Potential Risk Area	Comments		
Demand Led Budgets	Potential risk that spending on parts of the budget where the Council has a legal duty to provide the service increases significantly. Individual budgets reviewed as part of the monthly budget monitoring process. All budgets are profiled over the year based upon previous experience and so any variances should show up during the year.		
		Calculated Risk	
Specific Areas	Estimated Exposure	Likelihood Percentage	Balances Required
Housing Benefit maximum risk based on not meeting threshold for Local Authority errors.	£170,000	25%	£42,500
Further increase cost of Welfare Reforms (pressures on services CSC/Revenues and Benefits/Housing advice/Homelessness)	£219,904	10%	£21,990
Loss of Business Rates yield as a result of no safety net applying in the Hertfordshire Pool.	£400,000	25%	£100,000
Lower S31 Grants than anticipated which means the NNDR yield would be higher but would not be returned to the General Fund until 2016/17.	£381,117	25%	£95,279
Increase in bad debt on Council Tax, deficit would need to be charged to the General Fund in the	£20,000	100%	£20,000
Total			£279,770

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Changes since budget was set	Potential risk that things change since the budget estimates were made and the estimates are then under budgeted for.		
		Calculated Risk	
Specific Areas	Estimated Exposure	Likelihood Percentage	Balances Required
Increase in staff entering the pension scheme with auto-enrolment (value of additional pension that would be payable if 100% of staff in pension scheme)	£298,288	25.00%	£74,572
Transitional Vacancy Rate 4.5%	£444,960	5.00%	£22,248
Contractual inflation 1% increase	£87,440	25.00%	£8,815
Utility inflation (Electricity increase in April 2015, Gas increase from Oct 2015)	£493,660	10.00%	£49,366
NEW Friends Life Womens Tour does not attract all funding outlined in the December Executive	£88,000	10.00%	£8,800
Total			£163,800

Potential Risk Area	Comments including any mitigation factors		
Other Risks	Potential risk that savings options will not be realised as a result of delay or unforeseen circumstances.		
		Calculated Risk	
Specific Areas	Estimated Exposure	Likelihood Percentage	Balances Required
Savings Options	£727,368	4.00%	£29,095
Total			£29,095

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Estimated balances required for any over spend or under -recovery of expenditure and income	This calculation replaces the calculation based on Net Expenditure		
		Calculated Risk	
Specific Areas	Estimated Exposure	Likelihood Percentage	Balances Required
Gross Income	£62,554,760	1.50%	£938,321
Gross Expenditure	£73,010,960	1.50%	£1,095,164
Total			£2,033,486

Level of Balances Assumed in General Fund Based on risk

£2,784,065