

APPENDIX I: 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	£3,989,650	2.5%	£99,741
Development Control Income	£247,830	10%	£24,783
Land Charges Income	£90,000	20%	£18,000
Recycling Income	£700,620	2.5%	£17,516
Garages	£2,910,010	0.50%	£14,550
Trade Refuse & Skips	£868,090	0.50%	£4,340
Indoor Market	£455,710	2.50%	£11,393
Commercial Property Income	£3,914,400	2.50%	£97,860
Total			£288,183

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.	£171,750	25%	£42,938

Loss of Business Rates yield	£2,354,253	7.5%	£176,569
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.	£298,470	10%	£29,847
Increase in bad debts as a result of welfare reform proposals (reduction cap and tax changes)	£655,400	10%	£65,540
Total			£314,893

Potential Risk Area	Comments including any mitigation factors		
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)	£370,304	25.00%	£92,576
Transitional Vacancy Rate 4.5%	£546,250	5.00%	£27,313
Contractual inflation 1% increase	£88,570	25.00%	£8,928
Utility inflation (Electricity increase in April 2015, Gas increase from Oct 2015)	£509,780	10.00%	£50,978
Total			£179,795

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	£233,090	4.00%	£9,324
Savings Options- Lister Parking income	£57,600	4.00%	£2,304
Total			£9,324

Potential Risk Area	Comments including any mitigation factors		
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	£62,261,240	1.50%	£933,919
Gross Expenditure	£71,391,390	1.50%	£1,070,871
Total			£2,004,789

Level of Balances Assumed in General Fund Based on risk **£2,796,985**