

APPENDIX H: 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	£4,181,320	2.5%	£104,533
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	£3,021,000	0.50%	£15,105
Trade Refuse & Skips	£972,300	0.50%	£4,862
Indoor Market	£441,420	2.50%	£11,036
Commercial Property Income	£3,622,840	2.50%	£90,571
Total			£286,405

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.	£180,000	25%	£45,000

Loss of Business Rates yield	£2,402,318	7.5%	£180,174
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.	£270,800	10%	£27,080
Increase in bad debts as a result of welfare reform proposals (reduction cap and tax changes)	£655,400	5%	£32,770
NEW: Increase in the Apprenticeship levy	£10,348	25%	£2,587
NEW: Increase cost of agency staff as a result of intermediaries regulation	£100,000	10%	£10,000
Total			£297,611

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)	£280,264	25.00%	£70,066
Transitional Vacancy Rate 4.5%	£473,680	5.00%	£23,684
NEW Less staff time charged to capital than budgeted	£393,782	10.00%	£39,378
Contractual inflation 1% increase	£32,744	25.00%	£3,301

Utility and fuel inflation usage/costs increase	£814,910	5.00%	£40,746
NEW Senior Management Review (SMR) implementation costs/restructure costs increases the pay bill (% of paybill for the General Fund)	£16,214,311	0.50%	£81,072
Total			£258,246

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	£226,190	4.00%	£9,048
Total			£9,048

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 (excludes specific income listed above)	£48,983,910	1.50%	£734,759
Gross Expenditure	£71,391,390	1.50%	£1,070,871
Total			£1,805,630

Level of Balances Assumed in General Fund Based on risk

£2,656,938