

APPENDIX C : RISK BASED ASSESSMENT OF THE LEVEL OF GENERAL FUND BALANCES 2021/22

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 and the impact of Covid-19. 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* (on street/off-street)	£4,344,690	2.0%	£86,894
Development Control Income	£412,630	5.0%	£20,632
Recycling Income	£639,960	2.5%	£15,999
Garages	£3,440,570	1.0%	£34,406
Trade Refuse & Skips	£1,068,340	2.5%	£26,709
Indoor Market	£438,580	5.0%	£21,929
Commercial Property Income	£3,584,240	5.0%	£179,212
COVID losses arising from a loss of fees and charges in excess of budgeted for			£750,000
Total			£1,135,780

* The council has a parking account which identifies how parking fees are spent on parking and related costs

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 (including as an impact of Covid-19). 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	40%	£72,000
Loss of Business Rates yield	£2,572,439	maximum loss (7.5%)	£192,933
Lower S31 Grants than anticipated which means the NNDR yield would be higher but would not be returned to the General Fund until 2022/23.	£2,579,722	5%	£128,986
Increase in bad debts as a economic changes impacting on charging for services	£152,000	100%	£152,000
There is an increased cost of Bed and Breakfast as a result of higher homelessness (exposure based on impact of COVID)	£430,000	20%	£86,000
risk of capital works requiring funding as a result of rephasing/deferring works in the Capital Strategy	£250,000	50%	£125,000
Costs related to COVID in ICT, PPE and other related costs	£0		£250,000
Housing Benefit overpayment net income reduces and results in a pressure on the General Fund	£492,480	10%	£49,248
Total			£1,056,167

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
Transitional Vacancy Rate 4.5%	£712,090	5.00%	£35,605
Less staff time charged to capital than budgeted	£644,180	10.00%	£64,418
REVISED: pay award is higher than budgeted for 0.25%	£20,145,870		£46,970
Contractual inflation 1% increase	£9,254,742	1.00%	£37,318
Utility and fuel inflation usage/costs increase	£1,113,370	4.50%	£50,102
Borrowing costs will be higher than estimated on new borrowing in Capital Strategy	£64,136	1% increase in borrowing costs for the garage programme	£19,756
Total			£254,168

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	£780,945	13.50%	£105,428
Total			£105,428

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)	£25,589,119	1.50%	£383,837
Gross Expenditure (excludes specific expenditure listed above)	£35,710,647	1.50%	£535,660
Total			£919,496

Level of Balances Assumed in General Fund Based on risk

£3,471,038