

APPENDIX C : RISK BASED ASSESSMENT OF THE LEVEL OF GENERAL FUND BALANCES 2023/24

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 and cost of living crisis, 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* (on street/off-street)	£4,769,531	4.0%	£190,781
Development Control Income	£429,330	4.0%	£17,173
Recycling Income	£749,960	2.5%	£18,749
Garages	£3,641,290	1.0%	£36,413
Trade Refuse & Skips	£1,134,140	2.5%	£28,354
Indoor Market	£457,580	10.0%	£45,758
Commercial Property Income	£3,703,240	5.0%	£185,162
Cost of Living losses arising from a lower fees and charges in excess of budgeted for			£500,000
Total			£1,022,390

\* 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	£3,225,345	maximum loss (7.5%)	£241,901
Lower S31 Grants than anticipated which means the NNDR yield would be higher but would not be returned to the General Fund until 2023/24.	£815,229	5%	£40,761
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 due to cost of living crisis	£180,000	36%	£63,750
risk of capital works requiring funding as a result of rephasing/deferring works in the Capital Strategy	£250,000	50%	£125,000
Housing Benefit overpayment net income reduces and results in a pressure on the General Fund	£492,480	10%	£49,248
Total			£744,660

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%	£744,705	5.00%	£37,235
Less staff time charged to capital than budgeted	£686,490	10.00%	£68,649
REVISED: pay award is higher than budgeted for 1%	£21,277,040		£197,897
Contractual inflation 1% increase	£9,742,307	1.00%	£37,184
Utility and fuel inflation usage/costs increase	£1,780,149	10.00%	£178,015
Borrowing costs will be higher than estimated on new borrowing in Capital Strategy	£77,315	1% increase in borrowing costs for the garage programme	£22,037
Total			£541,018

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	£1,310,500	13.50%	£176,917
Total			£176,917

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)	£33,581,875	1.50%	£503,728
Gross Expenditure (excludes specific expenditure listed above)	£28,735,985	1.50%	£431,040
Total			£934,768

Level of Balances Assumed in General Fund Based on risk £3,419,753