

APPENDIX B: 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* (on street/offstreet)	£4,676,870	2.5%	£116,922
Development Control Income	£339,330	10%	£33,933
Land Charges Income	£61,800	20%	£12,360
Recycling Income	£527,990	2.5%	£13,200
Garages	£3,268,000	0.50%	£16,340
Trade Refuse & Skips	£811,180	0.50%	£4,056
Indoor Market	£435,000	2.50%	£10,875
Commercial Property Income	£3,391,050	2.50%	£84,776
NEW Commercial Property Income Property Fund income target not achieved	£875,000	10.00%	£87,500
Total			£379,962

* 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. 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.	£165,815	25%	£41,454
Loss of Business Rates yield	£2,529,373	maximum loss (7.5%) less loss of S31 grant	£116,501
Lower S31 Grants than anticipated which means the NDR yield would be higher but would not be returned to the General Fund until 2019/20.	£732,020	10%	£73,202
Increase in bad debts as a result of welfare reform proposals (reduction cap and tax changes)	£608,310	5%	£30,416
Increase in the Apprenticeship levy if TV rate not met and pay costs increase.	£634,420	0.5%	£3,172
NEW: Increased cost of ICT staffing or software to deliver the ICT improvement plan	£2,930,940	5.0%	£146,547

Potential Risk Area	Comments		
Demand Led Budgets continued	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
Building Control company costs increase	£99,410	25%	£24,853
NEW :Costs associated with the capital cost of funding the bus station to enable SG1 if LEP monies not released	£145,790	50%	£72,895
Costs associated with Town Centre Regeneration not budgeted for	£400,000	10%	£40,000
Housing Benefit overpayment net income reduces and results in a pressure on the General Fund	£1,565,950	5%	£78,298
Total			£627,336

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%	£634,420	5.00%	£31,721
Less staff time charged to capital than budgeted	£401,040	10.00%	£40,104
Increase in staffing the pension scheme due to auto enrolment (based on % of salary costs not pensioned)	£245,750	5.00%	£12,287
Contractual inflation 1% increase	£220,771	25.00%	£22,255
Utility and fuel inflation usage/costs increase	£817,620	5.00%	£40,881
Borrowing costs will be higher than estimated on new borrowing in Capital Strategy	£0	0.5% increase in basis points	£6,362
Business Unit Reviews (BUR) implementation costs/restructure costs increases the pay bill (% of pay bill for the General Fund)	£18,608,510	0.50%	£93,043
Total			£246,653

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	£578,762	2.00%	£11,575
Total			£11,575

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)	£46,233,849	1.50%	£693,508
Gross Expenditure (excludes specific expenditure listed above)	£48,166,887	1.50%	£722,503
Total			£1,416,011

Level of Balances Assumed in General Fund Based on risk

£2,681,537