

APPENDIX B: RISK BASED ASSESSMENT OF THE LEVEL OF GENERAL FUND BALANCES 2020/21

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)	£4,699,860	4.0%	£187,994
Development Control Income	£409,330	10%	£40,933
Recycling Income	£602,990	2.5%	£15,075
Garages	£3,350,050	0.50%	£16,750
Trade Refuse & Skips	£830,320	0.50%	£4,152
Indoor Market	£423,600	5.00%	£21,180
Commercial Property Income	£3,538,770	5.00%	£176,939
Commercial Property Income Property Fund income target not achieved	£875,000	10.00%	£87,500
Total			£550,523

* 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.	£180,000	25%	£45,000
Loss of Business Rates yield	£1,722,439	maximum loss (7.5%)	£129,183
Lower S31 Grants than anticipated which means the NNDR yield would be higher but would not be returned to the General Fund until 2019/20.	£850,000	10%	£85,000
Increase in bad debts as a economic changes impacting on charging for services	£79,790	20%	£15,958

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
NEW: There is an increased cost of Bed and Breakfast as a result of higher homelessness (exposure based on projected costs for 2019/20)	£200,000	50%	£100,000
NEW: Repair costs required as a result of the stock survey are higher than budgeted for	£128,000	10%	£12,800
Costs associated with the capital cost of funding the bus station to enable SG1 if LEP monies not released	£207,400	50%	£103,700
NEW: risk of capital works requiring funding as a result of rephasing/deferring works in the Capital Strategy	£200,000	100%	£200,000
Costs associated with Town Centre Regeneration not budgeted for (funding identified for costs known at the current time).	£400,000	10%	£40,000
Housing Benefit overpayment net income reduces and results in a pressure on the General Fund	£1,006,480	5%	£50,324
Total			£781,965

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%	£584,960	5.00%	£29,248
Less staff time charged to capital than budgeted	£493,210	10.00%	£49,321
NEW pay award is higher than budgeted for	£19,440,128	0.25%	£45,420
Contractual inflation 1% increase	£9,813,218	1.00%	£39,569
Utility and fuel inflation usage/costs increase	£812,600	5.00%	£40,630
Borrowing costs will be higher than estimated on new borrowing in Capital Strategy	£149,490	0.5% increase in basis points	£10,977
Total			£215,165

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	£864,644	10.00%	£86,464
Total			£86,464

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)	£45,296,414	1.50%	£679,446
Gross Expenditure (excludes specific expenditure listed above)	£40,491,455	1.50%	£607,372
Total			£1,286,818

Level of Balances Assumed in General Fund Based on risk **£2,920,935**