

APPENDIX A: 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)	£3,264,690	2.0%	£65,294
Development Control Income	£410,830	5.0%	£20,542
Recycling Income	£396,220	2.5%	£9,906
Garages	£3,582,020	1.0%	£35,820
Trade Refuse & Skips	£821,320	2.5%	£20,533
Indoor Market	£431,600	5.0%	£21,580
Commercial Property Income	£3,569,280	5.0%	£178,464
NEW : COVID losses arising from a loss of fees and charges			£1,000,000
Total			£1,352,138

* 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	£1,869,336	maximum loss (7.5%)	£140,200
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.	£850,000	5%	£42,500
REVISED : Increase in bad debts as a economic changes impacting on charging for services	£52,000	100%	£52,000
NEW : There is an increased cost of Bed and Breakfast as a result of higher homelessness (exposure based on impact of COVID)	£80,000	100%	£80,000
risk of capital works requiring funding as a result of rephasing/deferring works in the Capital Strategy	£200,000	50%	£100,000
NEW : Costs related to COVID in ICT, PPE and other related costs			£68,000
Housing Benefit overpayment net income reduces and results in a pressure on the General Fund	£492,480	10%	£49,248
Total			£603,948

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%	£543,780	5.00%	£27,189
Less staff time charged to capital than budgeted	£641,320	10.00%	£64,132
REVISED : pay award is higher than budgeted for-not considered applicable for 2021/22	£19,440,128	0.00%	£45,420
Contractual inflation 1% increase	£8,974,626	1.00%	£36,188
Utility and fuel inflation usage/costs increase	£884,170	4.50%	£39,788
Borrowing costs will be higher than estimated on new borrowing in Capital Strategy	£238,649	0.5% increase in basis points	£10,977
Total			£223,693

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	£1,462,682	13.50%	£197,462
Total			£197,462

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)	£44,182,254	1.50%	£662,734
Gross Expenditure (excludes specific expenditure listed above)	£40,907,564	1.50%	£613,613
Total			£1,276,347

Level of Balances Assumed in General Fund Based on risk

£3,653,589