

APPENDIX C: RISK BASED ASSESSMENT OF THE LEVEL OF GENERAL FUND BALANCES 2026/27

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)	£5,700,010	3.0%	£171,000
Development Control Income	£572,130	4.0%	£22,885
Recycling Income	£1,976,540	5.0%	£98,827
Garages	£4,510,630	3.0%	£135,319
Trade Refuse & Skips	£1,257,840	10.0%	£125,784
Indoor Market	£287,870	10.0%	£28,787
Commercial Property Income	£4,298,940	3.0%	£128,968
Lower fees and charges in excess of budgeted from continual post of Cost of Living			£125,000
Total			£836,571

* 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.	£70,216	40%	£28,086
Loss of Business Rates yield	£3,609,322	maximum loss (0%)	£0
Increase in bad debts as a economic changes impacting on charging for services	£228,780	100%	£228,780
Bed and Breakfast budget been reduced based on current trends. However, there's a risk that demand could increase.	£80,000	75%	£59,400
Risk of capital works requiring funding as a result of rephasing/deferring works in the Capital Strategy	£250,000	50%	£125,000
Impact of Local Government Reorganisation costs are higher than budgeted for	£500,000	75%	£375,000
Housing Benefit overpayment net income reduces and results in a pressure on the General Fund	£346,840	10%	£34,684
Cost of new food waste service is higher than estimated	£554,790	10%	£55,479
Total			£906,429

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%	£876,830	20.00%	£175,366
Less staff time charged to capital than budgeted	£490,510	10.00%	£49,051
REVISED: pay award is higher than budgeted for 1%	£24,588,471		£241,563
Contractual inflation 1% increase	£12,611,343	1.00%	£48,135
Utility and fuel inflation usage/costs increase	£1,214,060	10.00%	£121,406
Borrowing costs will be higher than estimated on new borrowing in Capital Strategy	£1,756,000	1% increase in borrowing costs for the garage programme	£17,560
Total			£653,081

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	£1,280,746	5.00%	£64,037
Total			£64,037

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)	£63,001,940	1.00%	£630,019
Gross Expenditure (excludes specific expenditure listed above)	£55,821,770	1.00%	£558,218
Total			£1,188,237

Level of Balances Assumed in General Fund Based on risk £3,648,355