

## 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. |                        |                   |
|  |  | <b>Calculated Risk</b> |                   |
| Specific Areas   | Estimated Income   | Likelihood Percentage  | Balances Required |
| Parking Income*  | £4,439,560   | 2.5%                   | £110,989          |
| Development Control Income   | £340,830   | 10%                    | £34,083           |
| Land Charges Income  | £90,000  | 20%                    | £18,000           |
| Recycling Income   | £646,990   | 2.5%                   | £16,175           |
| Garages  | £3,199,550   | 0.50%                  | £15,998           |
| Trade Refuse & Skips   | £942,420   | 0.50%                  | £4,712            |
| Indoor Market  | £401,260   | 2.50%                  | £10,032           |
| Commercial Property Income   | £3,300,220   | 2.50%                  | £82,506           |
| NEW Commercial Property Income Property Fund income target not achieved              | £200,000   | 10.00%                 | £20,000           |
| <b>Total</b>   |  |                        | <b>£312,494</b>   |

\* 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. |  |                   |
|   |   | <b>Calculated Risk</b>                     |                   |
| 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  | £2,474,490  | maximum loss (7.5%) less loss of S31 grant | £156,345          |
| 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. | £292,420  | 10%  | £29,242           |
| Increase in bad debts as a result of welfare reform proposals (reduction cap and tax changes)   | £549,703  | 5%   | £27,485           |
| Increase in the Apprenticeship levy if TV rate not met and pay costs increase.  | £504,052  | 0.5%                                       | £2,520            |

| 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 Building Control company profit forecasts not met in 2018/19    | £85,940   | 25%                   | £21,485           |
| NEW Costs associated with Town Centre Regeneration not budgeted for | £250,000  | 50%                   | £125,000          |
| <b>Total</b>  |   |                       | <b>£407,077</b>   |

| 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%   | £542,976  | 5.00%                          | £27,149           |
| Less staff time charged to capital than budgeted   | £415,690  | 10.00%                         | £41,569           |
| Increase in staffing the pension scheme due to auto enrolment (based on % of salary costs not pensioned)                           | £251,766  | 5.00%                          | £12,588           |
| Contractual inflation 1% increase  | £245,700  | 25.00%                         | £24,768           |
| Utility and fuel inflation usage/costs increase  | £871,170  | 5.00%                          | £43,559           |
| NEW Borrowing costs will be higher than estimated  | £132,940  | 0.25% increase in basis points | £7,692            |
| NEW Business Unit Reviews (BUR) implementation costs/restructure costs increases the pay bill (% of pay bill for the General Fund) | £16,801,733   | 0.50%                          | £84,009           |
| <b>Total</b>   |   |                                | <b>£241,334</b>   |

| 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     | £342,399   | 2.00%                 | £6,848            |
| <b>Total</b>        |  |                       | <b>£6,848</b>     |

| 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)  | £49,408,500  | 1.50%                 | £741,128          |
| Gross Expenditure   | £72,080,560  | 1.50%                 | £1,081,208        |
| <b>Total</b>  |  |                       | <b>£1,822,336</b> |

|  |                   |
|--|-------------------|
| <b>Level of Balances Assumed in General Fund Based on risk</b> | <b>£2,790,089</b> |
|--|-------------------|