

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)	£4,439,560	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
Total			£312,494

* 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	£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
Total			£407,077

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%	£543,677	5.00%	£27,184
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)	£16,816,625	0.50%	£84,083
Total			£241,443

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
Total			£6,848

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)	£48,420,060	1.50%	£726,301
Gross Expenditure	£71,093,790	1.50%	£1,066,407
Total			£1,792,708

Level of Balances Assumed in General Fund Based on risk

£2,760,570