

Risk Assessment of General Fund Working Balances

Risk	Risk Description	Risk Quantification Narrative	Insurable	Potential Impact £	Existing Provision (£)	Balance Required for 2022/23 (£)
Government Funding	Uncertainty of local government funding for the foreseeable future	The provisional settlement set by the Department for Levelling Up, Housing and Communities for 2022 will be for one year. Other local government funding reviews such as the Fair Funding Review and the review of New Homes Bonus scheme have been put on hold and it is currently unclear when these reviews are to be carried out. To address the risk of this uncertainty, we have put in place a 10% reduction in the Settlement Funding Assessment for the council which would result in the council losing approx. £300k per annum.	N	300,000	-	300,000
Business Rates Retention Reform	The current Business Rates scheme calculated "baseline" funding based on average business rates income from 2010/11 and 2011/12.	Current proposals are unknown at present but key risks are: Baseline reset - could see additional growth achieved since 2010/11 and 2011/12 being lost (£1,230,000) Reforms to the levy rates mean extraordinary growth capped (Zero impact) As a district council the split in income is currently 50:40:9:1 (Central Government: District: County: Fire and Rescue). Whilst the technical papers published 2020 proposed 75% of income is retained locally (i.e. a positive benefit), the tier split between county councils and district councils will also be likely to shift, and subsequent impact on tariff payments. (Zero impact). We are waiting for information on this which is due in spring 2023	N	1,230,000		750,000
Business Rates Retention	Volatility in business rates income.	Business Rates Income for 2021/22 is anticipated to be £4.8m, from £22.9m net rates payable (A mixture of Business rates income and S31 grants to compensate for business rates reliefs). The unprecedented volatility in Business rates income, is due to the Covid 19 pandemic; where S31 grant income has been paid direct to the Council rather than by ratepayers. A 1% fall in net rates payable will result in the council losing approx. £229,000.	N	229,000	-	229,000
Business Rates Appeals	Volatility in business rates appeal levels and decisions.	From 1 April 2017, Check Challenge Appeal was introduced for business rates revaluations. £300,000 provision has been assumed, based on current reporting withdrawn appeals, and historical RV losses on appeals. If we assume a provision of 2.1p for every £ of RV, or 4.7% of net rateable value (whichever is the greater), the provision could increase by up to £1.3m; which is an additional £1,000,000. 40% for Gravesham (£400,000). About £580K of current appeal provision is due to "Material Change of circumstances". We have continued to include that, despite the fact that such a challenge (due to the Covid 19 pandemic) has been legislated against. Zero impact, but potentially could release this to reduce appeal provision by (£232,000).	N	400,000	367,010	32,990
Business Rates Retention - loss of major ratespayer	Just over a 1/3 of business rates in the borough comes from twenty businesses.	On average, £1.9m RV could be lost if a single "Top Ten" business ceased trading or relocated outside the borough. This would adversely affect business rates income by £357,000.	N	357,000	103,000	254,000
Council Tax	Collection rates or growth in tax base are lower than anticipated.	Council Tax Income for 2022/23 is anticipated to be £7.5m. A 1% fall in total council tax collected will result in the council losing approx. £75,000.	N	75,000	-	75,000
Fees and charges (all sources)	Income levels from fees and charges lower than anticipated.	Fees and Charges Income from all sources for 2022/23 is anticipated to be £6.9m. Whilst consideration has been given in the budget proposals to the ongoing impact on fees and charges as the economy starts to recover from the COVID-19 pandemic, a further 2% fall in the income projected will result in the council losing approx. £132,000.	N	138,000	122,000	16,000
Investment income	Anticipated level of returns on traditional investments not achieved.	Investment Income for 2022/23 is anticipated to be £0.814m. A 0.10% reduction in investment return performance rates would result in the council losing approx. £81,000.	N	81,000	-	81,000
Expected Credit Loss	Increased risk of default of loan repayments by external organisations	Anticipated loan to Elizabeth Huggins Cottages Housing Association Charity of £1.278m. If 20% risk of default in year 1 and loss of 100% takes place then loss allowance of £255,700 would be required	N	255,700		400,000
Counterparty failure	Party may fail to pay invested amounts back to the Council, impacting on revenue returns.	TMSS permits up to £8m (or 20% or overall balances) with any counterparty at time of investment.	N	8,000,000	500,000	7,500,000
Rental Property	Anticipated level of returns not achieved.	Commercial Rent Income for 2022/23 is budgeted to be £4.4m. A 5% fall in the income projected will result in the council losing approx. £220,000. The current projected balance within the Commercial Income Protection Reserve at 01.04.2022 is just over £1,100,000.	Y/N	225,000	1,101,380	225,000
Pay awards/NICs/Pensions Contributions	Increases higher than anticipated.	Staff Related expenditure for 2022/23 is anticipated to be c.£17m. A 1% increase in employers costs would result in these costs increasing by approx. £170,000	N	170,000	-	170,000
Inflationary Effects	Inflationary pressures are higher than anticipated.	A 2% increase in inflation would result in running expenses increasing by approx. £260,000.	N	260,000	-	260,000
Service Spending	Spending plans underestimated or ongoing revenue implications of capital projects not adequately captured.	A 1% increase in net service spending (based on the overall budget requirement for the year), would result in overall service budgets increasing by approx. £125,000.	N	125,000	-	125,000
Financial impact of increased demand for homelessness support	Requirements of the Homelessness Reduction Act place an extended duty of care on households presenting to the council as homeless.	Impact of additional costs of temporary accommodation outside of existing stock above that already estimated, OR full costs not recovered through HB or applicant.	N	100,000	-	100,000

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Non-achievement of vacancy savings target	Vacancy target of £450,000 not achieved,	Vacancy target of £450,000 not achieved,	N	450,000	-	450,000
Maintenance of Assets	Deficiencies in assets requiring immediate attention. Future requirements to invest in council assets.	Estimate of £50,000 to respond to issue.	Y/N	50,000	-	50,000
Legal Proceedings	Unanticipated legal proceedings brought against the council.	Legal proceeding may be derived from decisions related to planning matters, contractual disputes or service delivery issues.	Y/N	400,000	-	400,000
Organisational Capacity	Resources available to the council are not sufficient to deliver council service obligations.	Estimate of £50,000 to respond to issue.	N	50,000	-	50,000
Environmental Disaster/Major Incident	Unanticipated incident or natural disaster (flood, fire etc.) requiring council response or impinging on ability to deliver services.	Council is expected to fund expenditure up to 0.2% of annual budget requirement. Estimated budget requirement for 2022/23 is £12,461,820	Y/N	249,236	-	249,236
Cyber Attack	An attack on council IT systems that disrupts or prevents service delivery.	The attack on Copeland Borough Council in August 2017 is estimated to have cost the council £2m.	Y/N	2,000,000	-	2,000,000
Changing government policy/legislative change (especially due to COVID-19 Pandemic)	Changes to council responsibilities/new responsibilities. Pressures on budgets driven by increased demand due to policy decisions.	Estimate of £50,000 to respond to issue.	N	50,000	-	50,000

13,767,226

Risk Probability Factor

Provision Required