

## Risk Assessment to support the minimum general fund reserve balance of £5.25m

- £2m working balance requirement to assist cashflow
- £3.25 to enable the council to meet unforeseen challenges and pressures.

Risk / Justification of Reserve Level	GF Reserve Requirement	Link to Corporate Risk Register
<p><b>Government Funding</b> – The provisional settlement set out by DLUHC for 2023/24 is for one year only. Local Government Funding reviews that were due to take place remain on hold and it is unclear when these reviews will take place. To address this, we have allocated 10% of the Settlement Funding Assessment which would result in the council losing approx. £310K per annum</p>	<p><b>£310,000</b></p>	<p><b>#Risk 1</b> – Ongoing Viability of the Council</p> <p><b>#Risk 2</b> – Changes in national priorities and legislative change</p>
<p><b>Homelessness Funding</b> – The demand for homelessness support and the requirement for temporary accommodation has increased significantly over the last year and significant costs in this area are expected to continue adding pressure to the budget. Net expenditure in this area for 22-23 is estimated to be £1.2m</p>	<p><b>£500,000</b></p>	<p><b>#Risk 1</b> – Ongoing Viability of the Council</p> <p><b>#Risk 2</b> – Changes in national priorities and legislative change</p>
<p><b>Pay awards</b> – The MTFP assumes a 5% increase in pay for 2023/24 and 2% thereafter. As future pay awards have not yet been agreed it is prudent to include a provision for this as last year (2022/23) to pay award agreed was in excess of the budgeted amount by an average of 3%.</p>	<p><b>£300,000</b></p>	<p><b>#Risk 1</b> – Ongoing Viability of the Council</p> <p><b>#Risk 3</b> – Organisational capacity / resilience</p>
<p><b>Legal Proceedings</b> – These may be derived from decisions related to planning, contractual disputes or service delivery issues and therefore prudent to provide for these matters.</p>	<p><b>£200,000</b></p>	<p><b>#Risk 1</b> – Ongoing Viability of the Council</p> <p><b>#Risk 6</b> – Adoption and delivery of a sound local plan</p>
<p><b>Volatility within the economy</b> – The last year has seen growing uncertainty in the UK economy, it is therefore prudent to provide for this over what is currently budgeted for 2023/24. This could negatively impact inflation, the cost borrowing, fuel and cost of materials. Running expenses are budgeted at c£14m 5% of this would equate to £700k</p>	<p><b>£700,000</b></p>	<p><b>#Risk 1</b> – Ongoing Viability of the Council</p>

<b>Cyber Attack</b> – this could impact service delivery as the council is heavily reliant on IT for day-to-day activity and the majority of its services	<b>£350,000</b>	<b>#Risk 4</b> – Cyber attack resulting in data breach or corruption of data
<b>Council Tax</b> – Collection rates or growth are lower than anticipated. Council Tax income is c.£7.9m per annum. A 1% decrease would amount to £79K	<b>£80,000</b>	<b>#Risk 1</b> – Ongoing Viability of the Council
<b>Business Rates</b> – Changes in baseline, delays in decisions on appeals & 33% of our business rates is obtained by top ten businesses. The budget for business rates income is c.£3m 10% of this would be £300K	<b>£300,000</b>	<b>#Risk 1</b> – Ongoing Viability of the Council
<b>Environmental Disaster/ Major Incident</b> – Caused by flood, fire adverse weather, requiring a response from the council.	<b>£50,000</b>	<b>#Risk 1</b> – Ongoing Viability of the Council
<b>Investment Income</b> – Level of returns not being met. Budgeted to be c£832k a 10% reduction would be c.£83k	<b>£80,000</b>	<b>#Risk 5</b> – Investment Risk
<b>Maintenance of Assets</b> – Responding to emergency repairs outside of budget.	<b>£160,000</b>	<b>#Risk 1</b> – Ongoing Viability of the Council
<b>Management Fee (Leisure Centre)</b> – Income received not as budgeted due to contractual arrangements regarding increases in energy prices. Shortfall for 2022/23 was £45K. Energy prices have increased significantly over recent months and is therefore prudent to provide for this	<b>£150,000</b>	<b>#Risk 1</b> – Ongoing Viability of the Council
<b>Fees &amp; Charges Income – Budgeted at 7.7m</b> A 1% decrease in expected income would result in £70k	<b>£70,000</b>	<b>#Risk 1</b> – Ongoing Viability of the Council
<b>Total Requirement (Unforeseen Challenges)</b>	<b>£3,250,000</b>	
<b>Total to assist cashflow</b>	<b>£2,000,000</b>	
<b>Minimum Balance Required</b>	<b>£5,250,000</b>	