

REVIEW OF GENERAL FUND BALANCES 2018-19

1 Purpose

- 1.1 This report presents the risk assessment methodology applied in determining the minimum safe level of General Fund Working Balance used in budget planning and invites the Committee to consider the completeness and adequacy of the provision.

2 For decision

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| 2.1 The Committee is invited to consider the risk assessment methodology and make any comments on its completeness and accuracy for use in budget planning for 2019/20. |
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3 Detailed Report

- 3.1 There is a statutory requirement on all Councils to set a balanced budget each year. A balanced budget can legitimately include the use of general uncommitted balances, where the Council agrees that it is appropriate to do so.
- 3.2 The Council holds general working balances as insurance against unexpected financial events. This includes failure to generate expected income as well as financial claims against the Council
- 3.3 The level of balance maintained by Aylesbury Vale District Council is reassessed annually and the minimum recommended safe level is applied in budget setting and planning.
- 3.4 The current minimum assessed level of balances is £2.0 million which has been arrived at based upon a risk and probability assessment of potential budgetary factors during 2018/19.
- 3.5 In agreeing the 2018-19 revenue and capital budgets, a number of risk factors in relation to government grant funding, service pressures and inflation and will have already been addressed specifically.
- 3.6 This report presents the risk assessment methodology and the general risks identified in determining the minimum recommended safe level of £2.0 million used in budget planning for 2018/19.
- 3.7 The assessment has been informed by a review of the Council risk register.
- 3.8 Members of the Committee are invited to review the methodology, the risks and the mitigations identified and consider their appropriateness in context of the budgetary pressures facing the Council.
- 3.9 The potential risks arising following the Brexit and potential Unitary decision will continue to be assessed. At this stage there is too much uncertainty about the specific implications on the strategic objectives and day to day operations of the Council to make any financial provision.
- 3.10 Any recommendations will be passed on to the Cabinet member for Resources, Governance and Compliance, who, together with the Director with

the Responsibility for Finance, will consider these in developing a budget plan for 2019/20.

3.11 The assessment is attached to this report as Appendix 1.

4 Supporting information

4.1 Many of the financial pressures facing the Council have been the subject of previous reports to members. They are also referred to in the Quarterly Financial Digests and in the budget planning development reports.

5 Resource implications

5.1 None.

Contact Officer
Background Documents

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Budget Planning and Medium Term Financing Planning

Appendix 1

Corporate Risks	<u>CRR Rating</u>	<u>Working Balance Cover Required</u>	<u>Risk</u>	<u>Risk Factor Applied</u>	<u>General Reserve Provision</u>
<u>Corporate Risks : Financially Fit</u>					
Failure to achieve the Medium Term Financial Plan	4	200,000	M	50%	£100,000
Risk to Commercial activities and income stream	6	250,000	M	50%	£125,000
Council owned or partially owned companies - risk of non-performance	6	200,000	M	50%	£100,000
Failure to recruit Technical/Professional Specialists	9	300,000	H	60%	£180,000
Non compliance with Fire and Health and Safety legislation	6	150,000	M	50%	£75,000
Non compliance with Information Governance	8	200,000	M	50%	£100,000
Failure to manage a major partnership/ significant contractor	12	250,000	H	60%	£150,000
Fraud, financial impropriety or improper business practices	3	100,000	L	30%	£30,000
		<u>1,650,000</u>			<u>£860,000</u>
<u>Corporate Risks : Commercially Minded</u>					
Organisational culture does not enable the strategy	9	450,000	M	50%	£225,000
Fail to deliver the Commercial Property Investment strategy and return	tba	0	L	30%	£0
Fail to manage and deliver major capital projects on budget and to time	6	200,000	L	30%	£60,000
		<u>650,000</u>			<u>£285,000</u>
<u>Corporate Risks : Community Focused</u>					
Failure to deliver Vale of Aylesbury Plan	6	200,000	M	50%	£100,000
Failure to plan for a large scale incident	8	50,000	M	50%	£25,000
Safeguarding : ensuring adequate controls	6	100,000	M	50%	£50,000
Ensuring equality decisions	2	0	L	30%	£0
Failure to manage and deliver requirements of the SLA for HS2	6	50,000	M	50%	£25,000
Failure to meet Modernising Local Government Agenda	20	550,000	H	60%	£330,000
Failure to engage with stakeholders on vision and strategy	6	125,000	M	50%	£62,500
Failure to respond to new legislation on Homelessness Duty	6	125,000	M	50%	£62,500
Failure to adequately plan for Growth	6	125,000	M	50%	£62,500
		<u>1,325,000</u>			<u>£655,000</u>
<u>Corporate Risks : Customer and Innovation</u>					
Failure to deliver the Connected Knowledge Strategy	8	200,000	M	50%	£100,000
Waste Transformation Project fails to deliver objectives.	6	200,000	M	50%	£100,000
		<u>400,000</u>			<u>£200,000</u>
<u>Grand Total of Reserves Held</u>		<u>4,025,000</u>			<u>£2,000,000</u>