

REVIEW OF GENERAL FUND BALANCES 2019-20

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 2019/20.
- 3.5 In agreeing the 2019-20 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 2019/20.
- 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 from the Unitary decision 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 specific financial provision.
- 3.10 The emerging implementation plans will address risks and consider mitigating actions as work progresses over the coming months.

- 3.11 The Corporate risk register also specifically acknowledges risks associated with BREXIT and a possible a no deal situation. Whilst the level of risk remains largely unknown, plans and controls are being reviewed for areas considered to be impacted by the change.
- 3.12 Any recommendations will be passed on to the Cabinet member for Resources, who, together with the Director with the Responsibility for Finance, will consider these in managing the budget plan for 2019/20.
- 3.13 The assessment is attached to this report as Appendix A.

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.
- 4.2 The Council also hold other useable but ear-marked reserves to support service delivery and development of Council services.

5 Resource implications

- 5.1 None.

Contact Officer
Background Documents

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Budget Planning and Medium Term Financing Planning

Corporate Risks	<u>RRR</u>	Working Balance Cover Required	Risk	Risk Factor Applied	General Reserve Provision
<i>Corporate Risks : Financially Fit</i>					
Failure to achieve the Medium Term Financial Plan	3	250,000	M	50%	£125,000
Failure to deliver Commercial Property investment and planned return	tba				
Risk re: implementation of change in relation to Street and Horticulture service	9	0	M	50%	
Failure to manage and deliver major capital projects to budget and on time: Pembroke Road	9	300,000	M	50%	£150,000
AVE does not deliver capital receipts and business plan objectives	6	200,000	L	30%	£60,000
Impact of BREXIT including finances, procurement, employment	9	500,000	M	50%	£250,000
<i>Corporate Risks : Partners, Community and Environment</i>					
Lack of clarity and engagement with partners on planning issues	16	100,000	M	50%	£50,000
Inadequate engagement with Stakeholders to ensure safety of residential buildings	8	250,000	L	30%	£75,000
<i>Corporate Risks : Customer and Innovation</i>					
Failure to deliver the CK Strategy and achieve objectives	12	250,000	L	30%	£75,000
Failure to deliver the Depot Transformation Programme in terms of H&S, customer and environmental objectives	16	200,000	M	50%	£100,000
<i>Corporate Risks : Leading and Shaping of Space</i>					
Failure to manage and deliver major capital projects to budget and on time: The Exchange	6	90,000	L	30%	£27,000
Decline in retail Sector and impact on town centre regeneration	9	200,000	L	30%	£60,000
Failure to deliver Vale of Aylesbury Plan	6	250,000	L	30%	£75,000
Risk to planning service delivery resulting from growth demand	6	300,000	M	50%	£150,000
<i>Corporate Risks : Generic</i>					
Unknown impact on the influence of the Shadow Authority on strategic delivery	16	300,000	M	50%	£150,000
Risk to Core Service delivery due to changing staff environment	16	500,000	H	75%	£375,000
Non compliance with Fire and Health and Safety legislation for staff and visitors on AVDC property and/or events	6	148,000	M	50%	£74,000
Failure to plan for a Major Incident	8	100,000	M	50%	£50,000
Business interruption affecting Service delivery	6	100,000	M	50%	£50,000
Non compliance with Information Governance	6	100,000	L	30%	£30,000
Safeguarding : ensuring adequate controls	6	100,000	M	50%	£50,000
Fraud, financial impropriety or improper business practices	3	80,000	L	30%	£24,000
Ensuring equality decisions	2		M	50%	£0
Grand Total of Reserves Held					2,000,000