

Risks Influencing the Level of General Reserves

Risk Area	Level of Risk	Proposed for 2020-21
The potential for " Bellwin " type emergencies. Assuming such costs would attract grants under the Bellwin scheme. This would provide cover for all immediate costs and then 1% of net spend to make good any damage to infrastructure, including up to £40m capital.	Medium	£4.1m
The likelihood of members making additional, in-year budget allocations to Services, or where members agree to write-off or providing funding for services where there are difficulties in delivering savings/efficiencies or arranging for Services to phase the repayment of any overspends over a period of more than one year.	High	£1.8m
The possibility of overspending on the "Other Services" budget due to the bank base rate staying low over the medium term.	Low	£1.0m
The likelihood of unanticipated budget pressures arising within the year, for example the repayment to grant or pressure on the authority's VAT partial exemption status or increases in demand that cannot be accommodated within Service/Directorate reserves.	High	£1.8m
The possibility of significant increases in inflation and/or taxation , after the budget has been set.	High	£2.1m
The possibility of any further costs arising from legal judgements which would fall on the County Council within one year.	Low	£1.0m
Provision for further in-year cuts in government funding. The assumption is that any in-year cuts in government funding will be met, in full, by services. The provision reflects the risk that in all cases existing commitments mean this may not be possible.	Medium	£1.5m
The possibility of planned changes to the national benefits system impacting adversely on the demand for local authority services.	Low	£0.5m
Employment related risks. A possibility that there are further legal judgements related to employment terms and conditions. In addition, the National Living Wage potential changes carry a risk until details are clarified and funding agreed.	Low	£0.5m

Risk Area	Level of Risk	Proposed for 2020-21
Schools and Early Years Funding. The risk to the stability of the schools/education services funded from DSG across schools, early years, high needs and central services blocks where the authority needs to support schools through this process to maintain the sufficiency of provision.	High	£2.9m
Introduction of Academies. The risk that services to schools will not be scaled back quickly enough and/or academies will no longer chose to use the Council's traded services, there will be a loss of economies of scale and estimates of pupil numbers transferring will have been underestimated. Also, there is a risk of residual liabilities remaining with the Council when a maintained school converts to academy status.	High	£1.0m
The possibility of being unable to agree inter-authority/organisation plans.	Medium	£1.0m
Market and/or Social Enterprise Failure. The risk that services provided by the market and/or social enterprises may stop if the provider fails, requiring the local authority to secure alternative provision at short notice.	High	£1.0m
General contingency. This could be supplemented in any one year by a sizeable proportion of earmarked reserves, providing these were replenished as part of the budget process.	Low	£1.0m
Total before 2019/20 overspends		£21.2m
Education Services 2019/20 overspend		£9.2m
Total		£30.4m

Note:

The risk assessment excludes the technical impact of any changes in accounting treatment.