

General Fund Working Balance Risk Assessment

Working balances are unallocated General Fund reserves, required as a contingency against unforeseen events. The Council operates a General Fund working balance of between 5% and 15% of Net Cost of Services on the General Fund as mitigation against risks to the Council's finance position not specifically provided for elsewhere in budget proposals:

Budget Risk	Rationale	Calculation Basis	Minimum Balance 2024/25 (£m)
Collection Fund Income (Council Tax and Business Rates)	<p>Council Tax and business rates represent key income sources for the Council.</p> <p>The working balance includes provision for risks to income from Council Tax in the event of lower than expected growth in the taxbase and lower than expected collection rates.</p> <p>The Council budgets for business rates income at a level guaranteed by the Government ('safety net') – the risk that this funding would not be received is considered minimal.</p>	2% of Council Tax revenue 2024/25 (£15m)	0.3
Service delivery overspend and inflationary pressures.	The budget for 2024/25 allows for inflation on all key areas of Council expenditure. The working balance includes provision for the event that inflationary increases over these assumptions cause pressure on Council budgets, together with provision for the potential risk of service delivery overspend.	1% budgets for Staffing, Premises, Transport and Supplies and Services	1.0
Savings requirements	The budget for 2024/25 includes savings proposals required for the delivery of a balanced budget. There is provision within the working balance in the event these savings are not delivered in full.	15% of 24/25 savings requirement	0.3

APPENDIX J2

Budget Risk	Rationale	Calculation Basis	Minimum Balance 2024/25 (£m)
Investment Risk	The General Fund has an investment income target of over £1m supporting delivery of Council services in 24/25. There is provision within the working balance in the event interest rates and cash balances are lower than forecast.	1% of General Fund balances available for investment	0.5
Commercial Income Generation	The Council charges for certain services that it provides and includes a target for this income to support the overall General Fund position. The working balance provides for risk to delivery of this income.	1% of commercial income targets	0.2
General Risk	The working balance also includes an amount held to manage the financial implications of general risks to the Council's budget.	1% of net cost of services	0.2
General Fund Working Balance			2.5