

**MEDIUM TERM FINANCIAL PLAN 2018/19 TO 2021/22
RISK ASSESSMENT TO DETERMINE PRUDENT MINIMUM GENERAL RESERVE (PMGR)**

Type	Risk	Consequence	Scale	Financial Loss £M	Likelihood %	Annual Risk £M	Period (years)	Where Provided	Reserve Required £M
Economic	Return to Recession	Lower Council Tax base	£0.210M per 1% reduction	0.210	20%	0.042	3	Reserves	0.126
	Return to Recession	Lower collection of Council Tax	£0.210M per 1% reduction	0.210	30%	0.063	3	Reserves	0.189
	Return to Recession	Reduced revenue income	25% decrease	0.050	20%	0.010	3	Reserves	0.030
	Adverse changes in interest rates	Higher financial costs	Net Debt circa £14M 1%=£0.140M	0.140	20%	0.028	3	Reserves	0.084
Employment	Additional Costs due to higher insurance costs	Increase in revenue costs	20% of £600k	0.120	25%	0.030	5	Reserves	0.150
	Energy and fuel costs significant increases	Higher annual revenue costs		0.100	30%	0.030	3	Reserves	0.090
	Reduced Government Grants - Formula Grant	Lower annual revenue resources	£0.181M per 1%; assess risk of further 10% reduction	1.810	30%	0.543	3	Reserves	1.629
	Higher pay settlements	Higher costs	£0.3M per 1%	0.300	30%	0.090	3	Reserves	0.270
	Equal Pay potential claims	One-off costs	£0.5M	0.500	10%	0.050	1	Reserves	0.050
	Flu pandemic or similar event	Increased employee absence requiring cover at extra cost	30% absence for 1 Month	0.875	25%	0.219	1	Reserves	0.219
Services	Employer Pension Contributions Increases	Higher annual revenue costs	£0.150M per 1% increase	0.450	40%	0.180	3	Reserves	0.540
	Prolonged Period of Industrial Action	Additional pressure on Revenue Budget	£1.0 per annum	1.000	50%	0.500	1	Reserves	0.500
	Capital Overspends	Fund from revenue (no capital resources available)	One-off	1.000	10%	0.100	1	Reserves	0.100
General	Corporate Manslaughter	Unlimited Fine	Assess risk of £10M fine	10.000	10%	1.000	1	Reserves	1.000
	New Dimensions Assets	Replacement of asset outside existing replacement programme	Assume cost of £0.4M	0.400	20%	0.080	1	Reserves	0.080
Total General Reserve requirement									5.057

The recommended Prudent Minimum General Reserve (PMGR) required to meet Assessed Financial Risks is £5M

