

## RESERVE LEVELS 2020-21

## RISK MANAGEMENT SCHEDULE

<b>GENERAL</b>						
<b>Major Income risks: (Projected Total Income 258,348)</b>	<b>Sum</b>	<b>% of annual income</b>	<b>Type of risk</b>	<b>Mitigating action</b>	<b>Assessment of risk</b>	<b>Reserve Provision (rounded up)</b>
1. Precept	162,261	63%	Payment delayed due to administrative problems within CDC. Payment delayed beyond due date of 30 <sup>th</sup> April.	Allocate reserves equivalent to 1 month's delay i.e. 1/3 of 1 <sup>st</sup> qtr spend.	Very low	£16,226
2. Tenant income - GCC	22,484	8.7%	Lease is determined and PC is unable to secure a replacement tenant promptly.	Long lease (25 years) entered into with 6 month break clause to minimise risk. PC will retain a letting agent to minimise any gap between tenancies. Allocate sum equivalent to 6 month's rent which will allow 1 year to secure a new tenant.	Low	£11,242
Tenant Income – The Cottage	8,000	3.1%	Lease is determined – Tenancy at Will provides for only 1 month's notice.	PC to allocate reserves to allow for 1 year gap between tenancies.	Medium	£4,000
Tenant Income – The Old Chapel	1,712 (tenancy not yet secured)	1%	Lease is determined – Tenancy at Will provides for only 1 month's notice. New tenant is likely to be start-up business, with higher risk of failure.	PC to allocate reserves to allow for 1 year gap between tenancies, and re-consider potential income stream when setting future years' budgets due to restrictions with size/type of accommodation.	Medium	£1,000
Tenant income – other commercial	16,715	6.5%	One or more tenants determine leases, and PC is unable to secure replacement tenants promptly.	Risk is spread over 3 tenants, thereby reducing the collective risk. All 3 leases are for a fixed term of 3 years with 6 month break clauses, all of which have only just been renewed in 2017. Confidence in current tenants can therefore be considered high. Allocate sum equivalent to circa 6 month's total rent which will allow 1 year to secure new tenants.	Low	£8,000
Tenant income – residential (2)	8,616	3.4%	Either tenant leaves without notice and PC is unable to re-let accommodation; or tenant leaves and accommodation	Both tenancies are for a fixed 1 year term, minimising the risk. However, tenants may leave without notice in which case PC only	Medium	£4,300

			requires extensive repairs prior to re-letting.	retains 1 month's deposit against unpaid rents. The rental market in Bourton is still good. PC inspects accommodation every 6 months, minimising the risk of accommodation being damaged over a long period. Allocate sum equivalent to 6 months' rent to effect any repairs and secure new tenants.		
3. Hire of Meeting rooms	16,564	6.5%	Room bookings drop below current levels.	Income estimate has been increased to match levels achieved in past 2 years – there is therefore minimal allowance for a drop in this income. However, a large % of bookings are still for weekly/regular slots, thereby reducing reliance on one-off bookings. Increase reserve allocation to 50% of annual income.	Low	4,150
				General Reserves:		49,000
<b>SINKING FUND</b>						
1. Community Centre – unforeseen maintenance costs			The building requires major unscheduled repairs i.e. to the roof, drains etc.	PC retains a Sinking Fund to fund works and maintain and repair the Community Centre building.	Medium	30,000
				<b>Sinking Fund Reserves</b>		<b>30,000</b>
				<b>TOTAL RESERVES</b>		<b>£79,000</b>
<b>Other Major Expenditure Risks</b>						
1. Committee budget overspend			Committee projects cost more than budgeted.	Works are not instructed until quotes have been approved within a pre-set budget, or the revised budget is proved affordable.	Low	Council prior approval of all expenditure
2. Increased staff costs			Wage increases  Additional staff costs - extra costs maybe incurred once a full appraisal had been implemented.	Office staff are subject to NALC contract T&C's; wage increases are set by the industry and notified in advance. Increases for 20 -21 are not likely to exceed 3%.  The Personnel committee are reviewing job descriptions and appraisals before making decisions on salary increases.	Very low  Medium	Provision made in draft budget