

Risk Number 3	Description Failure to maintain adequate reserves, resulting in the Council being unable to meet its liabilities.	Rating:	Medium
Explanation of Risk The council must not over commit itself financially. It must have regard to the level of financial reserves when calculating the monetary needs from estimated future expenditure plans.		Likelihood:	2
		Impact:	4
Consequence If the Council fails to maintain adequate reserves: <ul style="list-style-type: none"> - the Borough Treasurer may have to issue a S.114 notice, preventing engagement in further contractual arrangements and requiring full council to meet and consider the content of the notice - the council may not be able to meet its liabilities and will have to stop discretionary expenditure, impacting on service users or stop statutory expenditure, risking legal challenge - external assessments on the financial standing of the council would be poor, attracting higher audit focus and possible intervention <u>Mitigating Actions</u> To support this requirement: <ul style="list-style-type: none"> - The Borough Treasurer and Head of Assets (S.151 Officer) must comment on 'adequacy' of reserves in the annual budget report - The Council must balance the revenue budget each financial year - The BT has significant powers under S.114 of the LGFA 1988 to prevent unlawful expenditure and cause Council to address the financial circumstances of the authority To assist the Borough Treasurer, an opinion is formed on the minimum level of general reserves which is supported by a risk assessment. The risk assessment is prepared by the Financial Strategy Team using basic criteria to assess possible financial impacts from external and internal influences. The Reserves Strategy sets out the principles behind the approach to risk. The minimum level of general reserves is reviewed quarterly and reported to cabinet, using up to date financial data and forecasts.		Risk Manager:	Christine Mann

Link to Strategic Priorities / Objectives: This risk is linked to all the strategic objectives, but particularly to the following objective: We will build a Council that is responsive to changing needs and delivers value for money.		
Notes		