

Reserve Fund	Risk	Risk Management	Reserve	Gross Reserve	Probability (1 to 5)	Significance (1-5)	Prob x Sig.	Adjusted Reserve	Total Reserve
Working Capital	Loss of Council's income	Scrutiny of budgets internally, in Committee at Council		£1m	1	5	5	£0	£283,640
		Monitoring of Dispensing Optician retentions to provide alert if a significant number allow their registration to lapse	Max. of 5,400 x £169 = £912,600		1	5	5	£182,520	
		Early alert from Registration Dept. if retention/registration process is interrupted	Jan-Mar = serious; other = non serious		1	5	5	£100,000	
		Conduct internal fraud review							
		Loss of income from tenant occupying 3rd/4th floors	£14,000 pa		2	1	2	£1,120	
Buildings	Premises becoming permanently inaccessible or inaccessible for an extended period of time	1. Utilise offsite facility 2. Submit claim on buildings and contents insurance	Estimate £50,000 consequential costs to be met in the short term	£100,000	2	5	10	£20,000	£33,000
	Costs of meeting major leasehold improvements e.g. roof, drainage, damp etc	Minor problems included in I&E budget.	Buildings condition survey indicates low likelihood. Suggest £50,000		2	3	6	£12,000	
	Costs of major repairs to building structure not covered by landlord or buildings insurance	All risks and perils covered by insurance policy	policy excess of £1,000		1	3	3	£1,000	
Contingency	Costs required to meet legal and contractual liabilities in the event of closure of the GOC e.g. staff redundancy costs, contract terminations,	Downsizing of staff numbers over time, and staff recruited on fixed term basis. Contracts renegotiated over shorter timescales, notice periods amended	Redundancies £100,000; Contracts £200,000	£400,000	1	5	5	£60,000	£165,120
	Loss in the forced sale of fixed assets	Council's fixed assets consist of long lease premises, office furniture, computer equipment. (NBV at 31/3/08 = £64k)	Nil		1	2	2	£5,120	
	Optical, Education, Research and Public Purposes fund	Fund already established	£100,000		2	2	4	£100,000	
Regulatory	Unexpected increase in the number of FTP allegations impacting on resource, external legal costs and FTP Hearings costs	Sufficient flex in budgets to absorb 'reasonable' increases. Thereafter, external resources to be extended	Suggest £50,000 to cover legal, venue and Members fees	£1.65m	2	5	10	£20,000	£1,590,000
	Council decision made to initiate criminal prosecution(s)	Legal Costs Contingency Reserve already established at £1.5m	£1.5m		3	5	15	£1,500,000	
	Council subject to a Judicial Review	Insurance policy in place yet to be tested.	Policy excess of £10,000		1	5	5	£10,000	
	Legislative change risks - delays in legislation, excessive legal costs, departure of Members and staff could delay implementation of changes	Legal costs of £100k included in I&E budget for 2008/9. Member recruitment plan and budget in discussion, staff organisational requirements under discussion	Suggest additional £100,000 above existing budgeted costs		3	5	15	£60,000	
TOTAL RESERVE FUNDS				£3.15m					£2,071,760

Key:

1. Probability scale = 1 to 5 where 1 is low and 5 is high
2. Significance scale = 1 to 5 where 1 is low and 5 is high
3. Adjusted Reserve figure = Reserve x ((Probability x significance)/25)