

## **BUDGET 2013/14 – REVIEW OF RISKS AND ASSUMPTIONS**

### **Finance Advisory Group – 24 January 2013**

Report of the: Chief Executive Designate

Status: For Consideration

Key Decision: No

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**This report supports the Key Aim of** Effective Management of Council Resources

**Portfolio Holder** Cllr. Ramsay

**Head of Service** Group Manager – Financial Services – Adrian Rowbotham

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**Recommendation to Finance Advisory Group:** Members views are requested on the risks and assumptions included in the attached appendices.

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### **Introduction**

- 1 The Draft Budget 2013/14 report to Cabinet on 10 January 2013 stated that the Finance Advisory Group would be asked to review the assumptions and risks within the draft budget proposals.
- 2 The risk assessment included in that report is attached for Members' consideration (Appendix A). The 10-year budget is also attached (Appendix B).

### **Key Financial Assumptions**

- 3 The financial assumptions included in the financial plan are as follows:
  - Government Support: -14% in 2013/14, -7% in 2014/15, -4% in 2015/16, -2% in 2016/17, -1% in 2017/18, +3% in later years. The Government announced provisional figures for 2013/14 and 2014/15 on 19 December 2012.
  - Council Tax: 1.99% in 2013/14, 3% in 2014/15, 4% in later years. The Government has confirmed that a Council Tax increase in 2013/14 in excess of 2% would trigger a local referendum. The Government has also announced that if a Council freezes its Council Tax in 2013/14 they will receive a 1% grant for two years.
  - Interest Receipts: 0.8% in 2013/14 and 2014/15, 1.2% in 2015/16, 1.3% in later years. These assumptions are based on the Sector Bank Rate Forecast +0.3%.
  - Pay costs: 1% in 2013/14, 1.5% in 2014/15, 2% in later years.

- Non-pay costs: 3.5% in 2013/14, 3% in 2014/15, 1.75% in later years.
- Income: 3.5% in all years.

## **Key Implications**

### Financial

4 All financial implications are covered elsewhere in this report.

### Community Impact and Outcomes

5 A balanced budget that includes the assessment and management of risk provides the Council with the financial stability required to plan and deliver its services to the community.

### Legal, Human Rights etc

6 There are no legal or human rights issues.

### Equality Impacts

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Consideration of impacts under the Public Sector Equality Duty:		
Question	Answer	Explanation / Evidence
a. Does the decision being made or recommended through this paper have potential to disadvantage or discriminate against different groups in the community?	No	
b. Does the decision being made or recommended through this paper have the potential to promote equality of opportunity?	No	
c. What steps can be taken to mitigate, reduce, avoid or minimise the impacts identified above?		

## **Conclusions**

8 The financial assumptions are based on the latest available information but Members should be aware that these may change. Any changes will be included in the budget report to Cabinet 7 February 2013.

## **Risk Assessment Statement**

9 The risks include the uncertainty around the timing of key announcements such as the Grant settlement. The risk will be mitigated by continuing to review assumptions and by updating Members throughout the process.

**Appendices**

Appendix A – Risk Factors 2013/14

Appendix B – 10-Year Budget

**Background Papers:**

Cabinet report 10 January 2013 – Draft Budget  
2013/14

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