

RISKS AND ASSUMPTIONS FOR BUDGET 2014/15

Finance and Resources Advisory Committee – 21 January 2014

Report of Chief Finance Officer

Status: For consideration

Key Decision: No

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

Portfolio Holder Cllr. Ramsey

Contact Officer(s) Helen Martin Ext. 7483

Recommendation to Finance and Resources Advisory Committee: Members views are requested on the risks and assumptions included in the attached appendices

Introduction

1. The Draft Budget 2014/15 report to Cabinet on 5 December 2013 provided information on the key assumptions and risks included within the draft budget proposals. This risk assessment report provides more detail on these assumptions and risks. Cabinet were given a further update on 9 January 2014.
2. The risk assessment is included for Members consideration (Appendix A). The 10 year budget as presented to Cabinet in December 2013 is also attached for information. (Appendix B).

Key Financial Assumptions

3. The financial assumptions included in the financial plan are as follows:
 - Government Support: -7.5% in 2014/15, -18% in 2015/16, -2% in 2016/17, -1% in 2017/18, +3% in later years. The Government announced provisional figures for 2014/15 and 2015/16 on 18 December 2013.
 - Council Tax: 2% in 2014/15, 2% in 2015/16, 3% in later years
 - Interest Receipts: 0.8% in 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 2015/16, 1.5% in 2016/17, 1.5% in 2017/18, 2% in later years
 - Non-pay costs: 3% in 2014/15, 2.25% in later years.

- Income: 3.5% in all years

Key Implications

Financial

Under section 151 of the Local Government Act 1972, the Section 151 officer has statutory duties in relation to the financial administration and stewardship of the authority.

An effective integrated policy and priority driven long-term financial and business process is required for the Council to deliver on its priorities and maintain a sustainable budget. It is also essential that continuous improvements are identified and implemented in order to take account of the changing climate within which the Council operates and to meet the expectations of both Government and the public on the quality of service demanded from this Council.

Community Impact and Outcomes

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 Implications and Risk Assessment Statement.

There are no legal implications.

The risks associated with the 10-year budget approach include uncertainty around the level of shortfall and the timing of key announcements such as future grant settlements.

The risk will be mitigated by continuing to review assumptions and estimates and by updating Members throughout the process.

Equality Impacts

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?	Yes	Individual equalities assessments have been completed for all of the Service Change Impact Assessments (SCIAs) to ensure the decision making process is fair and transparent.
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		No mitigating steps are required

Consideration of impacts under the Public Sector Equality Duty:		
Question	Answer	Explanation / Evidence
identified above?		

Conclusions

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 6 February 2014.

Appendices

Appendix A- Risk Factors 2014/15

Appendix B - 10 Year Budget

Background Papers

None

Adrian Rowbotham

Chief Finance Officer