

RISKS AND ASSUMPTIONS FOR BUDGET 2015/16

Finance and Resources Advisory Committee – 20 January 2015

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. Ramsay

Contact Officer(s) Helen Martin Ext. 7483

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

Introduction and Background

- 1 The Draft Budget 2015/16 report to Cabinet on 11 December 2014 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 15 January 2015.
- 2 The risk assessment is included for Members consideration (Appendix A). The 10 year budget as presented to Cabinet on 15 January 2015 is also attached for information. (Appendix B).

Key Financial Assumptions

- 3 The financial assumptions included in the financial plan are as follows:
 - Government Support: -32% in 2015/16, -10% in later years. The Government announced provisional figures for 2015/16 on 18 December 2014.
 - Council Tax: 1.95% in 2015/16, 3% in later years.
 - Interest Receipts: 0.85% in 2015/16, 1.35% in 2016/17, 1.75% in 2017/18, 1.85% in later years. These assumptions are based on the Sector Bank Rate Forecast +0.1%.
 - Pay Costs: The pay settlement for 2014/15 and 2015/16 has now been agreed resulting in a 2.2% increase from 1 January 2015 and small non-

consolidated payments in December 2014. 1.5% in 2016/17 and 2017/18, 2% in later years.

- Non-pay costs: 1.3% in 2015/16, 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.

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 Assessment

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups. The decisions recommended through this paper directly impact on end users. The impact has been analysed and does not vary between groups of people. The results of this analysis are set out immediately below.

Individual equalities assessments have been completed for all Service Change Impact Assessments (SCIAs) to ensure the decision making process is fair and transparent. These were included in the Draft Budget 2015/16 report to Cabinet on 11 December 2014.

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.

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 on 5 February 2015.

Appendices

Appendix A – Risk Factors 2015/16

Appendix B – 10-year Budget

Background Papers:

None

Adrian Rowbotham
Chief Finance Officer