APPENDIX A

VERA BAIRD QC
POLICE & CRIME COMMISSIONER

Proposed Council Tax and Revenue & Capital Budgets 2016/17

1 Summary of Proposed Council Tax and Revenue & Capital Budgets 2016/17.

- A proposed revenue budget of £266.8m for policing and crime reduction that includes;
- Provision for increases in pay and prices of £5.2m; and budget pressures of £3.8m and the impact on employer National Insurance of £4.3m;
- A reduction in revenue costs of £0.2m to support capital investment;
- Budget savings of £15.3m in 2016/17;
- Capital investment in buildings, vehicles and new technology of £11.3m;
- The use of £5.7m from the Commissioner's reserves to support the revenue budget and provide headroom to manage savings going forward;
- Agree an increase of £5 on the council tax precept in 2016/17 to raise an additional £1.872m income.

Considerations

2 In preparing the Revenue and Capital Budgets for 2016/17 the Commissioner has considered the following issues:

- The key principles underlying the 4 year MTFS 2016/17 to 2019/20;
- The provisional Police Grant settlement for 2016/17;
- The likely revenue and capital outturn for 2015/16;
- The budget pressures in 2016/17;
- Delivery of the Police and Crime Plan;
- Budget savings;
- The options for the council tax precept;
- Reserves
- Risk assessment; and
- The Prudential Code for Capital Finance in Local Authorities.

Financial Strategy

3 The 2016/17 budget is part of the four year Medium Term Financial Strategy.

4 The overall financial strategy seeks to deliver the Commissioner's Police and Crime Plan, support 'Proud to Protect', the mission, vision and values of Northumbria Police and meet the requirements of the Strategic Policing Requirement.

5 It sets out the service developments, response to changes in crime and demand and how it will work in partnership with other agencies to maximise effectiveness.

6 Underpinning the 2016/17 budget and MTFS is the comprehensive workforce strategy that includes recruitment, training and development of officers and police staff whilst continuing to manage necessary change through the prudent use of reserves.

Police Finance Settlement

7 The provisional police grant settlement was published on 17 December 2015 for consultation. The final figures will be published in February 2016 and are not expected to differ.

8 The key headlines from the settlement are:

- 1 year only;
- All forces core grant cut by 0.6%;
- Total funding protected in flat cash terms as long as PCCs maximise ability to increase the precept as provided for in the new flexible referendum principles;

Revenue

9 Grant - The one year provisional settlement announcement stated that no force will receive a cut to their 'spending power' which is determined as the total of grant and precept added together. They stated that Northumbria's spending power has increased by £0.8m (0.3%). However, government grant has been cut by £1.25m (0.6%) and the Home Office has made an assumption that this cut will be offset by an increase to the precept of £5 to generate an additional £1.8m of tax receipts.

10 Budget Pressures - including pay and price increases, the increase to National Insurance for pensionable staff and other pressures total £13.1m in 2016/17.

11 Budget Savings - Plans to make £15.3m savings from:

- Continued rationalisation in the operational estate, including maximising collaborative opportunities;
- Non pay savings through centralised budget management;
- Savings through procurement particularly within ICT and Estates;
- Maximising income generation, notwithstanding such opportunities being limited within the Police world.

12 Council Tax Precept - The Home Office has deemed that the ten lowest precepting PCCs including Northumbria have the flexibility to increase their precept by up to £5. All other PCC's will be capped to 2%. No government grants are available in 2016/17 to freeze council tax. The £5 increase is an essential income source for the 2016/17 budget and MTFS.

13 Reserves - The prudent use of reserves along with further precept income are essential components to balance the 2016/17 budget.

Capital

14 Capital expenditure of £11.388 million to be financed by a combination of government grant, capital receipts and prudential borrowing.

Funding Formula

15 The Home Office failed to implement its proposed new funding formula for 2016/17 after a fundamental error was found in the data it was using for its calculations. The 2016/17 settlement allocation method is therefore unchanged. The Home Secretary has stated that she proposes to review and start the process of review again. No date for the implementation of any proposed revised model has been stated. The 2016/17 budget and the budget and MTFS therefore have been developed on the basis of the current funding arrangements continuing. Any changes to formula may need to be considered in future strategies.

Capital Programme 2015/16

16 The Commissioner has an approved revised capital budget for 2015/16 of £14.864m. The third quarter capital monitoring report outlined a revised capital estimate of £10.488m as at 31 December 2015. The reduction in the revised estimate for the year reflects some projects deferred or delayed to 2016/17.

Capital Programme 2016/17

17 The following table summarises the capital programme 2016/17:

2016/17 £000	
Type	Total
BUILDING WORKS	1,567
COMPUTERS AND COMMUNICATIONS	7,232
VEHICLES AND EQUIPMENT	2,519
Total	**11,318**

18 Key areas to note in the proposed programme are:

- Major Building works – The payment of the retention for the Newcastle Police station

- Minor Building works – Spend to support the estates transition project.

- Computer and Communications – a range of system replacement, network refresh and projects to improve effectiveness.

- Vehicles and Equipment – The costs of replacing vehicles as part of the on-going fleet replacement programme.

Revised Revenue Budget 2015/16

19 The Commissioner's net revenue budget for 2015/16 after the use of reserves is £269.039m. The Quarter 3 revenue monitoring report shows a projected budget surplus of £1.617m as at 31 December 2015.

Revenue Monitoring - Quarter 3 Position			
Group Position	**Approved Budget 2015/16**	**Projected Outturn 2015/16**	**Variance 2015/16**
	£m	**£m**	**£m**
Chief Constable	258.187	257.293	(0.894)
Police and Crime Commissioner	10.852	10.129	(0.723)
Net Expenditure	**269.039**	**267.422**	**(1.617)**
Central Government Grant Income	(226.915)	(226.915)	0.000
Council Tax Precept	(32.904)	(32.904)	0.000
Central Grant and Precept Total	**(259.819)**	**(259.819)**	**0.000**
Appropriations (to) / from reserves	**9.220**	**7.603**	**(1.617)**

20 The election of the Conservative Government in May 2015 raised expectations that there would be a continuation of the significant cuts imposed by the coalition government that saw the PCC have to cut £108.1m over the 5 years 2011/12 - 2015-16. The post-election announcement before the summer recess that the Chancellor of the Exchequer wanted government departments and forces to model the impacts of budget cuts of between 25% and 40% added to concerns of more severe grant cuts to come.

21 The PCC and the Chief Constable agreed on a strategy to minimize the impact of potential severe cuts by acting in-year. The recruitment of new officers was slowed a little, the redundancy of posts accelerated and one-off savings banked to reduce the requirement to fund from reserves.

22 One-off treasury management savings have also been realised in year as tactical decisions have been made to defer long term borrowing at higher rates with shorter term borrowing at lower rates and by using cash balances.

23 The budget surplus allows the Commissioner to draw less than was planned from reserves in 2015/16.

General Reserve / Capital Development Reserve	General Reserve 2015/16 £m	Capital Development Fund 2015/16 £m	Total 2015/16 £m
Opening Balance	21.8	0.9	22.7
Planned Use of Reserve	(8.3)	(0.9)	(9.2)
Forecast Under Spend	1.6	0.0	1.6
Closing Balance	15.1	0.0	15.1

Revenue Budget 2016/17

24 For the financial year 2016/17, the proposed total net police expenditure before the use of reserves is £266.1m.

25 The proposed budget includes £13.2m of budget pressures. £5.3m relate to pay and price pressures including the 1% pay award; £4.8m relates to the impact of the removal of the 3.4% contracted-out rate, and £3.8m of other pressures.

Budget Savings

26 Force budget savings in 2016/17 of £15.4m have been identified including £3.7m full year effects of prior year savings and £11.7m relating to workforce changes.

Budget Summary –2016/17

27 A summary of the proposed 2016/17 Revenue Budget follows:

Revenue Budget	Original Estimate 2015/16 £000	Revised Estimate 2015/16 £000	Forecast Outturn 2015/16 £000	Original Estimate 2016/17 £000
Chief Constable	256,656	258,187	257,293	256,080
Police and Crime Commissioner	12,383	10,852	10,129	10,761
Net Revenue Expenditure	**269,039**	**269,039**	**267,422**	**266,841**

The budget for the Chief Constable provides for all the day to day operational policing. The budget for the Police and Crime Commissioner primarily includes the capital financing costs for both corporate bodies as well as the OPCC running costs.

Council Tax Options

28 The Localism Act 2011 introduced a power for the Secretary of State for Communities and Local Government to issue principles that define what should be considered excessive Council Tax, including proposed limits. From 2013 onwards, any PCC that wishes to raise its council tax above the limits that apply to them will have to hold a referendum.

29 The 2016/17 settlement assumes that PCCs in England increase their precept to the maximum referendum limit in 2016/17 which is by 2% unless it qualifies to increase it by £5; and tax base growth of 0.5% across England and Wales.

30 Additional flexibility has been given to the 10 PCCs in England with the lowest precept levels each year (the lower quartile), so that they can raise their precept by up to £5 per year per band D household. Northumbria has the lowest precept in England and Wales and therefore is able to raise its precept by up to £5.

31 During 2015/16 the council tax base increased by 1.4% to 374,449.66 Band D. This is 0.9% higher than the Home Office assumption of 0.5% growth and will raise a further £0.454m.

32 The proposal is to increase the Band D precept by £5 to raise an additional £1.872m over 2015/16.

33 The anticipated receipts of £34.947m from the precept are included in the MTFS that sets out the assumptions and detail of how this decision is affordable over the medium term.

34 In addition all six billing authorities will pay collection fund surpluses totaling £0.535m in 2016/17.

Reserves

35 The Commissioner's reserves policy is set out in the MTFS and is subject to regular review.

36 A full analysis of the Commissioner's revenue reserves and their planned use in 2016/17 taking into account the proposals outlined is set out below.

	Estimated at 31 March 2016 £m	Planned use of reserves 2016/17 £m	Estimated at 31 March 2017 £m
Earmarked Reserves			
Insurance Reserve	3.0	0.0	3.0
Workforce Development Reserve	1.3	(0.5)	0.8
External Funding Reserve	0.1	0.0	0.1
Total Earmarked Reserves	**4.4**	**(0.5)**	**3.9**
General Reserves	**15.1**	**(5.7)**	**9.4**
Total Reserves	**19.5**	**(6.2)**	**13.3**

37 An MTFS principle is to maintain the general reserve at a minimum of 2%. As at 31 March 2017 the balance is estimated to be £9.4m which equates to 3.5%.

Adequacy of Reserves and Robustness of Budget Estimates

38 The Local Government Act 2003 requires the Joint Chief Finance Officer to undertake an assessment of the robustness of the budget estimates and the adequacy of reserves.

39 The budget and MTFS allows the Commissioner to consider the prudent use of reserves in the context of the future spending pressures and potential risks arising from potential changes to the funding formula without having a detrimental effect on policing.

40 In assessing the robustness of the budget, the Joint Chief Finance Officer has considered the following issues:

- The general financial standing of the Police and Crime Commissioner;
- The underlying budget assumptions, including an assessment of the estimates for pay and price increases;
- A risk assessment of expenditure and income estimates;
- The future budget pressures identified in the MTFS;
- The adequacy of the budget monitoring and financial reporting arrangements;
- The adequacy of the Commissioner's governance arrangements and internal control system;
- The adequacy of general reserves to cover any potential financial risks faced by the Commissioner;
- The impact of funding cuts and the uncertainty of grant support beyond 2016/17.

41 At 31 March 2016, the Commissioner's General Reserve is estimated at £15.1m (5.6% of revenue expenditure), in addition to other reserves which are earmarked for specific purposes. The Commissioner's reserves policy will result in a General Reserve of £8.9m by the end of 2019/20. In estimating the level of reserves the Joint Chief Finance Officer has taken account of known commitments and the financial risks faced by the Commissioner which could impact on the level of reserves over the MTFS period.

42 The Joint Chief Finance Officer confirms that, after taking account of these issues, the revenue and capital estimates contained in this report are considered robust and that the level of reserves proposed in the review set out earlier is considered adequate to cover the financial risks faced by the Commissioner in 2016/17.

Council Tax Requirement

43 The Localism Act requires the Commissioner to set a Council Tax Requirement. The calculation of the Council Tax Requirement, based on the proposed revenue budget and contribution from reserves is set out below:

			£m
Total Revenue Expenditure			266.841
Less Appropriations from Reserves			5.693
Budget Requirement			261.148
Less			
	DCLG Grant	107.371	
	Police Grant	110.127	
	Localised Council Tax Support Grant	6.867	
	Council Tax Freeze Grant 11/12	0.912	
	Council Tax Freeze Grant 14/15	0.389	
			225.666
	Balance to be Raised Locally		35.482
	Less estimated net surplus on collection funds		0.535
	Council Tax Requirement		34.947

44 The proportion of collection funds' net surplus due to Northumbria Police from its constituent billing authorities is £0.535m for 2016/17 (£0.283m in 2015/16).

45 The notified Council Tax base figure is 374,450 which is an increase of 5,138 over the previous year.

The Prudential Code of Practice in Local Authorities

46 The CIPFA Prudential Code is a professional code of practice to support local authorities in taking decisions relating to capital investment in fixed assets. Local authorities, including police and crime commissioners and fire authorities, are required to have regard to the Code under Part 1 of the Local Government Act 2003. The basic principle of the system is that local authorities will be free to invest so long as their capital spending plans are affordable, sustainable and prudent.

47 In order to demonstrate that they have fulfilled the objectives of the Code, authorities must produce a range of key Prudential Indicators. The Code does not suggest indicative limits or ratios for these indicators, which are designed to support and record local decision making, and are not intended to be used for comparative purposes.

48 These key indicators can be split into two broad categories, affordability indicators and prudence indicators. Affordability indicators concentrate upon the level of capital investment over the period 2016/17 to 2019/20. Prudential indicators concentrate on the level and composition of external debt, and are

therefore very closely linked to the Commissioner's Treasury Management Strategy.

49 The Commissioner's proposed Prudential Indicators are shown at Appendix A to this report.

Minimum Revenue Provision

50 Regulations came into effect from March 2008 with regard to preparing an Annual MRP Statement. MRP is the amount that needs to be set aside to reflect the depreciation of capital assets. There are no proposed changes to the method used to calculate MRP and the Annual MRP statement for 2016/17 is attached at Appendix B.

Financial Considerations

51 Financial implications are considered throughout the report.

Risk Management

52 Associated risks have been considered and recorded as appropriate and are set out in Appendix C

Recommendations (Proposed)

1. The Commissioner is requested to:

   (a) approve the capital programme and authorise the Joint Chief Finance Officer (Treasurer) to undertake the appropriate financing;
   (b) approve the revenue budget;
   (c) agree the review of the reserves policy; and
   (d) note the recommendations of the Joint Chief Finance Officer (Treasurer) in respect of the robustness of the budget and the adequacy of reserves.

2. Note the Council Tax Base of 374,450 for the year 2016/17 as notified by the billing authorities within Tyne and Wear and Northumberland (item T in the formula in Section 42B of the Local Government Finance Act 1992, as amended).

3. Approve the following amounts for the year 2016/17 in accordance with Sections 42A, 42B and 45 to 47 of the Local Government Finance Act 1992, as amended:-

(a)	£276.871m	being the aggregate of the amounts which the Police and Crime Commissioner estimates for the items set out in Section 42A (2) (a) to (d) of the Act;
(b)	£241.924m	being the aggregate of the amounts which the Police and Crime Commissioner estimates for the items set out in Section 42A (3) (a) to (b) adjusted for the item set out in S42A (10) of the Act;
(c)	£34.947m	being the amount by which the aggregate at (a) above exceeds the aggregate at (b) above, calculated by the Police and Crime Commissioner in accordance with Section 42A (4) of the Act, as it's Council Tax Requirement for the year (item R in the formula is Section 42B of the Act);
(d)	£93.33	being the amount at (c) above (item R) divided by the amount noted in Recommendation 2 above (item T), calculated by the Police and Crime Commissioner in accordance with Section 42B (1) of the Act, as the basic amount of it's Council Tax for the year;

(e) Valuation bands

A	£62.22	being the amounts given by multiplying the amount of (d) above by the number which, in the proportion set out in Section 5 (1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Police and Crime Commissioner in accordance with Section 47 (1) of the Act, as the amounts to be taken into account for the year in respect of the categories of dwelling listed in different valuation bands.
B	£72.59	
C	£82.96	
D	£93.33	
E	£114.07	
F	£134.81	
G	£155.55	
H	£186.66	

4 Resolve that under Section 52ZB of the Local Government Finance Act, the Commissioner's relevant basic amount of Council Tax for 2016/17 is not excessive in accordance with the principles determined under Section 52ZC (1) of the Act for 2016/17.

5 Resolve that in accordance with Section 40 of the Local Government Finance Act 1992, as amended, the billing authorities within the area of this authority be issued with precepts in the amount of £34,947,387 for the financial year beginning 1 April 2016, the amount of the retrospective precepts to be issued to each billing authority's area in accordance with the Sections 42A, 42B and 45 to 48 of the 1992 Act, as amended.

6 Approve the Prudential Indicators as outlined in Appendix A to this report.

7 Accept the recommendation of the Joint Chief Finance Officer (Treasurer) for the method of calculating MRP for 2016/17 as set out in the Annual MRP statement at Appendix B to this report.

APPENDIX A

Prudential Indicators

In line with the requirements of the CIPFA Prudential Code for Capital Finance, the various indicators that inform whether capital investment plans are affordable, prudent and sustainable, are set out below.

Authorised Limit For External Debt

There are two limits on external debt: the ‘Operational Boundary’ and the ‘Authorised Limit’. Both are consistent with the current commitments, existing plans and the proposals in the budget report for capital expenditure and financing, and with approved treasury management policy statement and practices. They are both based on estimates of the worst case scenario. The key difference is that the Authorised Limit cannot be breached without prior approval of the PCC. It therefore includes more headroom to take account of eventualities such as delays in generating capital receipts, forward borrowing to take advantage of attractive interest rates, use of borrowing in place of operational leasing, “invest to save” projects, occasional short term borrowing to cover temporary revenue cash flow shortfalls as well as an assessment of risks involved in managing cash flows. The Operational Boundary is a more realistic indicator of the likely position.

Authorised Limit For External Debt				
	2016/17 £000	**2017/18 £000**	**2018/19 £000**	**2019/20 £000**
Borrowing	185,000	181,000	175,000	175,000
Other Long Term Liabilities	0	0	0	0
Total	**185,000**	**181,000**	**175,000**	**175,000**

Operational Boundary For External Debt				
	2016/17 £000	**2017/18 £000**	**2018/19 £000**	**2019/20 £000**
Borrowing	160,000	156,000	150,000	150,000
Other Long Term Liabilities	0	0	0	0
Total	**160,000**	**156,000**	**150,000**	**150,000**

The latest forecast of external debt indicates that it will be within both the authorised borrowing limit and the operational boundary set to 2019/20. The maturity structure of debt is within the indicators set.

Upper Limit on Fixed and Variable Interest Rates Exposures

The setting of upper and lower limits on fixed and variable interest rate exposure has the effect of creating ranges within which a Commissioner will limit its exposure to both fixed and variable interest rate movements. It provides a single point of control over the overall interest obligations on a net basis. Indicators are set by considering as many borrowing and investment scenarios as possible, providing a framework that the Commissioner can work within.

Upper Limit On Fixed And Variable Interest Rates Exposures				
	2016/17 £000	**2017/18 £000**	**2018/19 £000**	**2019/20 £000**
Fixed rate:				
Upper	147.188	120.767	122.104	121.188
Lower	4.956	376	(5.540)	(10.450)
Variable rate:				
Upper	6.000	6.000	6.000	6.000
Lower	(45.000)	(45.000)	(45.000)	(45.000)

Upper and Lower Limits For The Maturity Structure Of Borrowings

The upper and lower limits for the maturity structure of borrowing are calculated to provide a framework within which the Commissioner can manage the maturity of new and existing borrowing to ensure that debt repayments are affordable in coming years.

Upper And Lower Limits For The Maturity Structure Of Borrowings		
	Upper Limit	**Lower Limit**
Under 12 months	65%	0%
12 months and within 24 months	50%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	60%	0%
10 years and above	75%	0%

Upper Limit On Amounts Invested Beyond 364 Days

The purpose of the upper limit on amounts invested beyond 364 days is for the Commissioner to contain its exposure to the possibility of loss that might arise as a result of having to seek early repayment or redemption of principal sums invested.

Upper Limit On Amounts Invested Beyond 364 Days				
	2016/17 £000	**2017/18 £000**	**2018/19 £000**	**2019/20 £000**
Investments	15,000	15,000	15,000	15,000

Affordability

The impact of the capital programme on the revenue budget is shown in the table below**.**

	2016/17 Estimate	**2017/18** Estimate	**2018/19** Estimate	**2019/20** Estimate
Revenue Budget	£266,800,000	£262,800,000	£262,100,000	£261,900,000
Capital Expenditure	11,318	8,939	9,740	5,452
Capital financing requirement	£105,022	£101,021	£96,921	£92,921
Interest Cost	£4,205,221	£4,245,017	£3,872,482	£3,431,606
Ratio of financing costs to net revenue stream	1.58%	1.62%	1.48%	1.31%
Impact on Band D Council Tax	£11.23	£11.28	£10.24	£9.03

APPENDIX B

Police and Crime Commissioner for Northumbria Minimum Revenue Provision (MRP) Statement 2016/17

The MRP charge for 2016/17 for capital expenditure incurred before 1st April 2008 (prior to the new regulations) or which has subsequently been financed by supported borrowing will be based on the previous regulatory method of Capital Financing Requirement at 4% of the opening balance less prescribed adjustments.

For all unsupported borrowing, exercised under the Prudential Code, the MRP Policy is based on the Asset Life Method. The minimum revenue provision will be at equal annual instalments over the life of the asset. The first charge will not be made until the asset is operational.

The estates rationalisation programme will see the sale of some £31.1 m of assets over the period of the MTFS. The receipts will be used to finance capital expenditure and reduce the overall capital financing requirement.

APPENDIX C

NORTHUMBRIA POLICE AND CRIME COMMISSIONER FINANCIAL RISK ANALYSIS

General Balances

The risk is that the General Reserve balance is not sufficient. This is mitigated by:

- The General Reserve will be kept at a minimum of 2% of revenue expenditure;
- The projected balance on the General Reserve at the 1 April 2016 of £15.1m is 5.6% of the revenue expenditure budget; and
- Strong financial controls have resulted in a consistent trend of the revenue outturn being delivered within budget in recent years.

Pay Increases

The risk is that pay increases may exceed the levels provided for within the budget. Estimates for future pay awards have been fully included.

Price Increases

The risk is that price increases may exceed the levels provided for within the budget. This is mitigated by applying inflation on an individual basis to provide for contractual commitments and premises related expenditure. All other inflation will be managed within existing budgets reflecting the current economic climate. The risk that prices may rise is mitigated by budget monitoring arrangements and the Force's current approach to efficiency in challenging and managing spend pressures.

Capital Financing

The risk is that Capital Financing Charges will be greater than budgeted. This is mitigated by:

Revenue implications are considered as part of the capital planning process and taken in to account in the MTFS; and

The principal repayment in respect of debt is the MRP, calculated on an asset by asset basis as part of the capital planning process. Any change in interest rates will not have an effect as 100% of debt is at fixed rates and any refinancing of existing debt will only take place if it will lead to a long term saving in interest charges.

Financial Planning

The risk is that a major liability or commitment is currently known but has not been taken into account in the Police and Crime Commissioner’s financial planning. This is mitigated by:

The Medium Term Financial Strategy includes an assessment of spending pressures, to be assessed for inclusion in the Commissioner’s budget, identified by the Chief Constable by reference amongst other sources to the Local Policing Plan; and

In addition, regular liaison by senior officers of the Force and the Commissioner’s Office help to strengthen and coordinate the financial planning of the Commissioner.

Savings

Budget savings of £15.3m have been included in the revenue budget for 2016/17. The risk is that the budget savings will not be delivered. This is mitigated by:

- The strong record of delivering the budget within targets;
- The Chief Constable's Change Programme to deliver the budget savings over the next three years
- Adequacy of the General Reserve and the overall reserves policy.

Loss of Deposit

The risk is that funds deposited by the Commissioner are lost due to the collapse of the financial institution with whom the deposit is placed. The risk is limited by the controls in the Treasury Management Strategy which focuses on control of deposits rather than returns. The potential impact is limited by the strategy of a diverse portfolio with top rated institutions which are either part nationalised or have credit guarantees.

Interest Rates on Deposits

The risk is that interest rates will be lower than expected and prudent assumptions on likely interest rates for 2016/17 have been incorporated into the budget.

Budgetary Control

The risk is that the budget will overspend. This is mitigated by:

Monthly budget monitoring in place;
Quarterly monitoring reports to the Commissioner;

Council Tax

The risk following the localisation of council tax support is that collection rates could be affected which would impact on billing authorities' collection fund balances and any surpluses payable to the Commissioner. To mitigate this risk, local billing authorities have factored in prudent collection rates.

Capital Programme Implications

The risk is that the capital programme may be understated, funding will not be available as planned or that over spending may occur. This is mitigated by:

Regular review of Estates Strategy and the decision to focus on key priority schemes only; together with quarterly updates of progress will provide assurance in the accuracy of forecasts;
Quarterly capital monitoring reports to the Commissioner

Risk Management

The risk is that all risks have not been identified when the budget has been set and that major financial consequences may result. This is mitigated by:
Risk management arrangements;
Comprehensive self and external insurance arrangements in place;
Adequacy of the insurance reserve; and
Adequacy of the general balances and the overall reserves policy.