

APPENDIX 2

Budget process timetable

The purpose of the Appendix is to set out the timescales for the 2017/18 budget process.

Date	Action	Responsible
2016		
26 August	Draft fees and charges returns sent out to budget holders.	Finance
16 September	Completed draft fees and charges returned to Finance for completion of schedules. Committee reports to be compiled. Vehicle replacement details returned to the accountant dealing with Transport.	Service Heads/Management Team Service Heads/Transport Manager
19 September	Reports on revised fees and charges for Service Delivery Committee and Policy, Finance & Development Committee submitted to Heads of Service.	Finance
23 September	Draft revenue budget papers sent out to budget holders for completion. Capital bid evaluation templates sent out to budget holders.	Finance Finance
From 3 October	Consultation with public	Management Team
7 October	Reports on revised fees and charges for Service Delivery Committee and Policy, Finance & Development Committee submitted to Management Team for approval.	Finance
11 October	Reports on revised fees and charges submitted to Service Delivery Committee for approval.	Finance
14 October	Completed capital programme bids returned to Finance. Requests for Growth and Savings returned to finance.	Service Heads/Management Team Service Heads
28 October	Compile list of capital bids for Asset Management Group.	Finance
1 November	Reports on revised fees and charges submitted to Policy, Finance & Development Committee for approval.	Management Team
3-11 November	Review revenue bid requests for budgetary growth and major current year underspends (2 sessions).	Management Team/Finance Manager
4 November	Compilation of the first draft of revenue and capital budgets.	Finance
25 November	Review capital programme.	Management Team/Finance Manager
5-9 December	Management Team to review budget with Committee Chairs.	Management Team
9 December	Council Tax Base calculation.	Welfare & Taxation

	Reports on revenue and capital budgets submitted to Heads of Service for review.	Manager/Finance Manager Finance Manager/Chief Financial Officer
16 December	Reports on revenue and capital budgets submitted to Management Team for review.	Finance Manager/Chief Financial Officer
2017		
17 January	Reports on revenue and capital budgets submitted to the Service Delivery Committee for noting (incorporating Management Team recommendations).	Finance Manager/Chief Financial Officer
19 January	Aggregate Budget, Prudential Indicators, Medium Term Financial Strategy, Treasury Strategy and Plan reports for Council submitted to Heads of Service for approval.	Finance Manager/Chief Financial Officer
30 January	Aggregate Budget, Prudential Indicators, Medium Term Financial Strategy, Treasury Strategy and Plan reports for Council submitted to Management Team for approval.	Finance Manager/Chief Financial Officer
31 January	Revenue and capital budgets submitted to Policy, Finance and Development Committee for approval (incorporating Management Team recommendations).	Finance Manager/Chief Financial Officer
21 February	Aggregate Budget report submitted to Council. Prudential Indicators and Treasury Strategy and Plan report submitted to Council. Council Tax setting report submitted to Council.	Finance Manager/Chief Financial Officer Finance Manager/Chief Financial Officer Finance Manager/Chief Financial Officer
24 March	Budgets placed on Council's F:Drive for general access.	

APPENDIX 3: Opportunities and Risk Matrix

Factor	Directly Controllable by OWBC?	Base Assumption	Key Risks	Likelihood of Different Outcome	Financial Implications	Controls and Mitigation
Pay Inflation	Mainly not.	1% per annum.	National settlement at higher level.	Unlikely over the planning period.	A 1% pay rise equates to a £60k in the annual salary bill.	Sufficient balances exist to cover pay increases.
Price Inflation	No.	Only contractually agreed increases will be included in the 2017/18 budget.	That price rises are greater than assumed.	The retail and consumer price indices for July 2016 were 1.9% and 0.6% respectively. However, these indices are not generally reflective of local government expenditure.	Greater price inflation would put pressure on the use of balances as reserves as funding is fixed.	Budgetary control, virements, contingencies and service level adjustments.
National Economic Climate	No.	Cautious provision made.	Greater demand for services; reduced resources.	Scope and depth of current economic climate unknown.	Uncertainties require additional provisions to be set aside for unforeseen events.	Budgetary control, virements, contingencies, reserves and service level adjustments.

Factor	Directly Controllable by OWBC?	Base Assumption	Key Risks	Likelihood of Different Outcome	Financial Implications	Controls and Mitigation
New Legislation	No.	Impacts of the Local Council Tax Support scheme, Universal Credit, local retention of NNDR, New Homes Bonus and reduction in housing rents have been included for 2017/18.	Increase in costs to ensure compliance.	Unknown.	Unknown – dependent on the impact of changes.	Constant monitoring, contingencies, reserves and service level adjustments.
Changed Council Priorities	Yes.	Budget strategy is linked to corporate plan.	Changes after budgets are set.	Low, provided budget strategy and corporate plan are aligned.	Cost of new priorities unknown at this stage.	Published plan.
Level of Government Funding	No.	Overall reduction in Revenue Support Grant assumed in budget for 2017/18. Further reductions to NIL by 2020	Lower grant level than expected.	The Treasury has set out provisional RSG reductions to 2020.	Council to be self-financing by 2020.	Increase in Council Tax, budget reductions, efficiency savings, alternative funding streams.

Factor	Directly Controllable by OWBC?	Base Assumption	Key Risks	Likelihood of Different Outcome	Financial Implications	Controls and Mitigation
		anticipated.				
VAT Partial Exemption	Partly.	No immediate impact on budget.	Exceed 5% <i>de minimis</i> threshold and incur costs in irrecoverable VAT.	Low.	Additional cost dependent on extent to which the limit is exceeded.	Use of consultants for VAT advice, revise plans for delivery of schemes, use of reserves.
Capital/Borrowing	Yes.	Effect of prudential borrowing on revenue positions.	Impact on revenue. Political risk and Member aspirations. Balance of investment and sustainability.	Low.	Unknown.	CFO reporting to Council under statutory duties and the setting of appropriate prudential indicators.
Interest Rates	No.	Base rates of 0.25% will be used in preparing the estimates for 2017/18.	Higher rates would impact on both the General Fund and the HRA borrowing (adversely) and on investments (favourably).	Medium, given the uncertainties in the market especially because of continuing global economic and fiscal difficulties.	In the medium term the impact of a rise would be minimal as the majority of the Council's borrowing is at fixed rates.	Adjust Treasury Management Strategy and other budgetary controls based on CIPFA's best practice guide.
Investment Practice	Mostly.	Counterparty list per	Counterparty default.	Low.	Potential loss of full amount	Investment strategy, credit

Factor	Directly Controllable by OWBC?	Base Assumption	Key Risks	Likelihood of Different Outcome	Financial Implications	Controls and Mitigation
		approved Annual Investment Strategy criteria.			invested and reduced investment income.	rating watch, use of external financial advisers.
Pension Contributions	No.	Known increases in employer's contribution and actuarial strain payments included in estimates.	Market conditions and demand on the Pension Fund including those resulting from the new automatic enrolment and workplace pension reform.	Medium.	Unknown but could be significant.	Forecast/forward strategy with Leicestershire County Council; monitoring interim evaluation results.
Changes in Consumer Expectations/Demand	No.	Budgets based on existing approved service levels.	Potential loss of income or increase in expenditure to meet demand.	Medium, but risk potentially increased due to impact of austerity.	Directly dependent on increases or reductions in demand.	Customer/resident consultation and performance monitoring.
Demographic Population Growth	No.	Service levels are based on 2012 Census report and other statistical information.	Additional demand, insufficient resources.	Low.	Unknown but could have significant effect.	Knowledge of trends in local demography, housing/planning delivery strategy, budget adjustment,

Factor	Directly Controllable by OWBC?	Base Assumption	Key Risks	Likelihood of Different Outcome	Financial Implications	Controls and Mitigation
						Council and Business Rate income.
Interaction with Leicestershire County Council and other partners	Yes.	Financial support from LCC, central government other partners and stakeholders.	Adequacy of control and administration of partners; residual costs falling on OWBC as accountable body; budget cuts proposed by LCC for 2017/18 and beyond.	Medium.	Unknown but could have significant effect.	Financial regulations, other codes of governance, due diligence and regular monitoring.
Council Tax Level	Yes, up to a maximum increase of 2% in any year.	Increase of 1.99% assumed in 2017/18.	A high Council Tax increase would result in the triggering of a referendum. A low Council tax leads to pressure on the delivery of existing services.	Medium.	1% movement in Council Tax equates to £37,000.	Advice of S151 Officer in liaison with Members; appropriate use of reserves and balances; targeted efficiency savings.
Savings and	Yes.	Savings and	Savings and	Medium.	The extent to	Budget monitoring

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Efficiency Targets		<p>efficiencies will be included in the budget for 2017/18 and support the Council's wider and longer term transformation plans.</p> <p>The Council will submit a 4-year efficiency plan to the DCLG in October 2017.</p>	efficiencies are not achieved or are reduced by budget pressures.		which targets are not met.	to ensure early detection of plans going off target. Use of Equilibrium Reserve.
Failure in Budgetary Control	Yes.	Income and expenditure will be as set out in the budget.	Higher expenditure. Lower income. External events outside the Council's control.	Low, given budget monitoring processes and the Council's track record on financial management.	A 1% variance in net General Fund budget is equivalent to 1.8% on the Council Tax.	Budgetary control, virement, contingency provision, use of reserves, service adjustments.

Whilst the above points may seem like a long list, inevitably the Council's financial forecasts have many inherent risks attached to them. Clearly demand led activities are subject to market pressures; other areas of spending/income generation will be influenced

by internal factors such as competing work pressures and standards of financial management. Also major capital schemes or developments bring with them financial as well as other risks that could have revenue implications. The Council's financial monitoring arrangements will ensure that these risks are contained and service performance management will provide additional support. The national economy and Government's other plans can have a marked impact on financial planning. Inevitably further changes to the financial projections will arise in producing detailed annual budget.

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