

Risk Assessment

1. The categories which the council uses to assess its budget risks are set out below:
 - a. demand risks where the level of service provision depends on projections of need. These include children's and adults' care budgets and the temporary accommodation budget. There are also likely to be more general demand risks associated with welfare reform such as increased pressure on the housing benefit service;
 - b. risks from new legislation or other statutory changes, where there is some uncertainty about impact on council costs, such as the Care Act;
 - c. risks from legal challenges;
 - d. treasury management risks. The treasury management strategy statement sets out the 'bail in' risk of loss to professional investors, including local authorities, should financial institutions fail in the future. There is also the risk of increased borrowing costs should long-term interest rates rise;
 - e. procurement risks. No allowance has been made for general price increases within the 2015/16 budget. However these pressures should be reduced as a result of the current market situation with opportunities to secure savings through procurement;
 - f. grant risks. These include risks arising from changes to grant conditions, the council not meeting grant conditions, or uncertainty about the amount of grant the council will receive. An on-going risk area is the council's housing benefit subsidy claim which is by far the largest single grant claim the council makes. There is also a risk relating to the Education Services Grant which will be announced quarterly during the financial year;
 - g. risks of not achieving savings or income targets in the budget. The council has a good track record of delivering savings included within individual service budgets. However the scale of the savings being delivered provides a significant risk to the Council's financial position in the years ahead;
 - h. asset management risks if corporate or service buildings have to be closed because of current condition;
 - i. risks from natural disasters or terrorist attacks.

Statement by the Chief Finance Officer on the budget and balances

2. Under Section 25 of the 2003 Local Government Act I am required to comment on the adequacy of the budget calculation and the level of balances proposed within a budget. The two issues are related. The less prudent the revenue provision and forecasts of demand and risk, the higher the level of balances required to justify the budget calculations. This budget has been carefully prepared, risks have been identified and quantified and, while excessive provision has not been made in the budget, a prudent and cautious approach has been taken. The council also has adopted rigorous budget monitoring arrangements during the year and a policy of restoring balances once used. The combined approach means that a minimum prudent level of balances is £12.0m, which will cover the General Fund revenue budget risks identified over the medium term. As the forecast level of balances as at 31 March 2015 is at this level, no further increase is required for 2015/16.