

## Statement on Robustness of Estimates and Adequacy of Reserves

1. In accordance with Section 25 of the Local Government Act 2003, the Head of Central and Regeneration Services (as Chief Finance Officer as designated under s151 of the Local Government Act 1972) has produced the following statements in respect of the proposed budget for 2015/16.
2. Council is asked to consider these statements when considering the budget for 2015/16.

## Statement on the Robustness of the Council's Budget Calculations

3. In respect of the proposed General Fund Revenue Budget for 2015/16 and Capital Programme 2015/16, Council is asked to consider the following statement from the Head of Central and Regeneration Services (as the Council's Chief Finance Officer) when considering the budgets for 2015/16:-

*"This statement is given only in respect of the 2015/16 Budget Setting Process for Pendle Borough Council. I acknowledge my responsibility for ensuring the robustness of the budget calculations and the adequacy of reserves as part of this process.*

*As in previous years, a range of factors has been considered in this assessment of the robustness of the budget calculations for both the General Fund Revenue Budget and the Capital Programme for 2015/16. Whilst the narrative below explains some of these in more detail, [Appendix A](#) summarises other factors that have been considered.*

### The Business Rates Retention Scheme

*In 2013/14, there was a significant change the way in which local government is funded with the introduction of the Business Rates Retention Scheme. The most prominent change is the introduction of the Business Rate Retention Scheme in place of the Formula Grant System. Unlike the Formula Grant System, where the Council received a guaranteed amount of grant funding from the Government to meet the cost of running services, **funding through the Business Rate Retention System is not wholly guaranteed; it is dependent on the Council's ability to retain and grow its business rates base.***

*To inform the estimate of funding available to support Council spending in 2015/16, estimates have had to be made about the amount of Business Rates that will be collected in 2014/15 and 2015/16. These estimates are based on a range of assumptions around changes in business rates - new business properties being built, existing properties being demolished, successful appeals against ratable values etc – and also levels of collection. Having reviewed these estimates, I am satisfied that they are reasonable, based on the information available to the Council at the current time.*

*I must stress, however, that the degree of volatility in business rates is difficult to predict. For example, it is extremely difficult to predict both the timing and outcome of appeals against ratable values (and, indeed, the way in which appeals are dealt with is beyond the control of the Council – it is a matter for the District Valuation Officer and the Valuation Tribunal). Because of this degree of potential volatility, the estimate of Business Rates for 2015/16 has been based on a range of prudent assumptions to the extent that, to mitigate the risk of underfunding, the Council's budgeted income from the Business Rate Retention Scheme is only marginally above the Government's safety net.*

*Actual income from business rates will not be known until the end of the financial year. In between time, however, arrangements are in place to monitor business rates income more closely during the year so that the Council can take action as necessary to deal with any potential variation against the estimates used in setting the budget for 2014/15.*

### *New Homes Bonus*

*The budget estimates include £952k from New Homes Bonus for 2015/16. This is based on provisional estimates provided by the Government which I believe will be confirmed in the final Local Government Funding Settlement. **All of the New Homes Bonus received in 2015/16 is being used to support Council spending on services.***

*The extent to which New Homes Bonus is being used to support service-related expenditure does present a risk around the sustainability of this funding stream. Any changes to the way in which New Homes Bonus is distributed may impact on this. In this context, Councillors should note that the Shadow Secretary of State for Communities and Local Government has indicated that, in the event the Labour Party form the Government in May 2015, they will end the New Homes Bonus and reallocate the funding in a different (but as yet unspecified) way. Whether this will be the case in 2015/16 is not known.*

### *Efficiency Support Grant*

*The Government has rolled £1.026m of Efficiency Support Grant (ESG) into the funding settlement with effect from 2015/16.*

*In addition, the Council will receive a further amount of ESG of £41k in 2015/16 (as part of the Government's commitment to ensure that no Council suffers a reduction in Revenue Spending Power of more than 6.7%). There is no indication at this stage of any requirement to submit business plans etc to Government as has been the case previously to secure ESG.*

### *Development of Budgets*

*The estimates of income and expenditure forming the Council's General Fund Revenue Budget and Capital Programme for 2015/16 have been prepared on the basis of existing plans, known current and future commitments and the financial implications of the proposals for service efficiencies/reductions. They have been prepared in conjunction with the Chief Executive, Deputy Chief Executive and appropriate Managers. The Base Budget for 2015/16 is consistent with the delivery of current and expected levels of service required to achieve the Council's strategic objectives (bar those areas where savings are proposed as set in the budget report).*

*Where it has been necessary, in the case of certain budgets (e.g. pay, investment income and income from fees and charges), assumptions have been used for inflation, interest rates and service take-up that, on the basis of current and predicted levels of activity, are considered to be reasonable and prudent. Likewise, in relation to capital receipts and grant funding which are expected to be received by the Council, assumptions have been made about the timing and amount of those receipts. I consider these assumptions to be reasonable.*

*Councillors will appreciate, however, that the Council's operations continue to be affected by a variety of factors not least the general state of the economy (both locally and nationally) and the continued pressure on public spending. On the basis of information available at the time of writing, whilst there is growth in the economy, it is not generating the receipts necessary to support economy. The corollary of this is that irrespective of colour of Government post the May 2015 General Election, there will need to be a review of public spending commitments if it is to return the national budget to surplus within the life of the next Parliament. This may have an impact on the budget for 2015/16 but is more likely to impact on future funding levels.*

*However, there may be issues that have been agreed in the austerity programme to date that will impact locally resulting in both increasing demand for services, higher operating costs and lower levels of income. Locally, some budgets are more sensitive and responsive to changes in demand for services. For example, the state of the housing market continues to impact on services such as Housing, Planning, Building Control and Local Land Charges. The budgets relating to these areas of income have been adjusted to reflect this but the very nature of these service activities means that it is difficult to be precise about service levels and therefore the income that will be generated as a result.*

*As a consequence, it may be necessary to take corrective action during the year to ensure that the Council's budget and Capital Programme remain in balance. The effectiveness of this action relies on good systems of budgetary control, monitoring and risk management. These systems are well established.*

*Equally, there are certain areas of expenditure/income where limited information is available on which to base budget estimates. These include, for example:-*

- the continuing impact of welfare reforms on service users. These changes, for example, include reductions in benefit for those in under-occupied houses, changes to Disabled Living Allowance (and introduction of Personal Independence Payments) and reductions in Incapacity Benefit. Combined with the impact of the Council Tax Support Scheme, there may be a significant impact on the income of residents in the Borough;*

*The economic and social effect of this are difficult to determine as is the direct impact on Council services and the budgets currently proposed. The Council is already experiencing an increase in homelessness cases and as incomes reduce, the demand for Council services may grow. Given changes in staffing levels, the Council's ability to respond to these demand pressures will be affected and service response targets will need to remain under review;*

- the extent to which there will be changes in the number of benefit claimants resulting in a requirement for additional capacity to process claims. This will be affected by the rate of change in the Government's Welfare Reform programme and in particular the migration to the Universal Credit. For Pendle, it is not clear yet what this will mean but the likelihood is a rolling implementation of the Scheme over coming years and a gradual reduction in claimants;*
- the impact of changes in funding regimes, for example, the Better Care Fund which will fund changes in public health, the availability of Supporting People Grant from Lancashire County Council etc;*
- the affect of changing legislation that may create additional cost burdens. For example, changes in the way in which Land Charges are dealt with.*

*Alongside these issues will be the success, or otherwise, of implementing those savings proposals which Councillors agree to accept as part of the current budget process. It is important that the necessary measures to achieve these savings are implemented sufficiently early in the financial year to ensure that the full amount of savings is realised. Where savings are not implemented in full or at all, this could increase the requirement to draw from the Council's reserves in the year as well as creating unaffordable cost burdens in future years.*

*It is important, therefore, to review actual performance against budget on a regular basis in order to ensure budgets remain on track, including the implementation of savings/efficiency proposals as well as being proactive in identifying emerging risks and responding accordingly, taking remedial action where this is appropriate.*

***Finally, given the continuing year on year reduction in funding for the Council, I should stress that the extent to which Councillors do not implement the savings proposed in 2015/16 will both:-***

- increase the amount required to be drawn from reserves to achieve a balanced budget; and***
- increase the requirement for savings in 2016/17 and future years against a backdrop in which there will be further funding reductions, lower levels of reserves and a greater likelihood of a requirement to have budget reductions in key frontline services.***

***Acknowledging that, set within this wider control framework and the adequacy of the Authority's financial arrangements generally, I consider the Council's budget estimates for 2015/16 to be robust.***

*Although I am not required at this stage to comment on the robustness of estimates for future years' budgets, as in previous years, it is my view that when considering the budget calculations for 2015/16, Councillors must consider the medium term financial position of the Council so that they can take this into account when deciding the budget and Council Tax for next year.*

*The outlook for the Government's finances remains challenging. Whilst the austerity programme over recent years has reduced the overall annual budget deficit, the Government has indicated that it will continue to reduce public expenditure over the life of the next Parliament with a view to achieving a small budget surplus in 2018/19. This is likely to mean further reductions in funding can be expected although the extent of these reductions is difficult to quantify.*

*On the basis of current estimates, the Council will receive funding of £7.5m in 2015/16 but this is expected to reduce to £5.6m by 2018/19, a reduction of 26% or £1.9m. Assuming a balanced budget in 2015/16, as set out in the report, there is a need to achieve savings of at least c£3m over the period to 2018/19. This assumes an annual increase in Council Tax of 1.99% and using reserves in a disciplined manner so as not to make the situation worse. Equally, it will be against a backdrop of the issues mentioned above all of which may have a significant bearing on the future funding and expenditure of the Council.*

*The full financial impact of these changes can only be estimated at this stage but they do present a significant challenge to the Council.*

**Therefore, despite having a clear and robust Financial Strategy, given the apparent certainty of funding reductions in the medium term, the scale of the estimated savings required by the Council to achieve a balanced budget means that I cannot, at this stage comment on the robustness of budget estimates with effect from 2016/17.**

### **Statement on the Adequacy of Financial Reserves**

*“Having conducted a review of the Council’s requirement for the minimum working balance, taking into consideration various matters including:-*

- *the Council’s spending plans for 2015/16 and the medium term financial position;*
- *adequacy of estimates of inflation, interest rates;*
- *treatment of demand led pressures;*
- *impact of external partnerships;*
- *the need to respond to emergencies.*
- *Capital programme variations.*

*I can confirm that an amount of £1.250m is considered adequate for this purpose.*

*In relation to other financial reserves, a review has also been conducted to determine their adequacy. In addition to the matters referred to above, and taking into account the Medium Term Financial Plan, the review concluded that the level of such reserves is adequate based on current information in relation to anticipated risk, existing commitments and known future plans.*

***However, the rate at which reserves are being used to support the General Fund Revenue Budget is not sustainable over the medium term without a need to align expenditure more closely with ongoing resources.***

*In particular, given the apparent certainty of funding reductions for local authorities, there will be a need to use reserves to support the budget whilst the Council takes action to align expenditure with the estimated level of ongoing resources. This will require some discipline from Councillors to ensure that the balance between the use of reserves and the need to achieve reductions in the base budget is sustainable.*

*This statement is made on the understanding that any use of reserves and balances is undertaken in accordance with the Council’s existing Financial Procedure Rules and that a further review of reserves and balances will be undertaken following the closure of the Council’s accounts in June 2015”*

## Appendix A

### Factors Considered in the Determining the Robustness of Estimates and Adequacy of Reserves

Factors	Commentary
<b>The Council's Aims and Priorities</b>	<p>Where it is considered affordable to do so, the budget estimates reflect the amounts required to achieve service objectives related to the key priorities for 2015/16 agreed by the Council as part of the current Strategic Plan.</p> <p>Saying that, work to review the Council's Strategic Plan is planned for 2015 and should be concluded early in the new financial year. <b>This <u>may</u> necessitate a change in the Council's corporate objectives as the Council may no longer be able to afford to meet all of its present plans.</b></p> <p>Even if there is no change in the corporate objectives, there will be a need to review the headline actions to ensure that the Council is able to manage expectations on service delivery within the resources it has available.</p>
<b>Financial Strategy (and Medium Term Financial Planning)</b>	<p>In preparing the Council's budget estimate for 2015/16, due regard has been given to the impact of decisions made by the Council on matters which might impact on the Medium Term Financial Plan (MTFP).</p> <p>Details of the revised MTFP were reported to the Executive on 10<sup>th</sup> February 2015 so that decisions on the budget for 2015/16 could be taken in the context of the longer term impact for the Council. Equally, this is reflected in the development of a Financial Strategy which, amongst other matters, seeks to combine prudent use of reserves with efforts to align the Council's ongoing expenditure with ongoing resource levels.</p> <p>Whilst acknowledging that the Financial Strategy is predicated on a range of assumptions which have contributed to the development of the Medium Term Financial Plan (MTFP), to the extent that the Council takes decisions that changes those assumptions, it should be acknowledged that the position on the MTFP will change.</p> <p>With this in mind, the budget estimates shown in the Medium Term Financial Plan for 2015/19 are, on the basis of known information, reasonably robust <b>but are <u>not</u> affordable given forecast income.</b></p>

Factors	Commentary
	<p>The Financial Strategy proposed for future years is as follows:-</p> <ul style="list-style-type: none"> <li>• <b>Growing</b> the Council's taxbases, both for business rates and for Council Tax/New Homes Bonus;</li> <li>• <b>Charging</b> for services where it is considered appropriate to do so on a cost recovery basis and to use spare capacity. It will also involve the introduction of new charges where this is considered feasible;</li> <li>• <b>Saving</b> costs by being more efficient, working in partnership with others or by prioritising some services over others when allocating resources.</li> </ul> <p>Underpinning this strategy are the following strands:-</p> <ul style="list-style-type: none"> <li>• Pursuing a Jobs and Growth Strategy aimed at increasing the number of business rateable properties in Pendle thereby increasing the Council's share of retained business rates;</li> <li>• Encouraging the development of new housing in the Pendle areas, again with a view to increasing the Council's share of the New Homes Bonus;</li> <li>• making savings of at least c£3m over the next three years rather than relying solely on reserves to balance the Council's budget; a strategy that relies heavily on finite reserves will simply defer, not reduce, the need to make savings and the longer savings are put off the greater the savings required;</li> <li>• increasing the Council Tax in 2015/16 and subsequent years, where this is possible without triggering a referendum. The Management Team proposal for 2015/16 is that Council Tax will increase by 1.99% and thereafter also by 1.99% in each subsequent year to 2018/19 (or the maximum amount within the threshold set by Government). No consideration has been given to exceeding the referendum threshold although this policy remains open to consideration in future years;</li> <li>• no avoidable budget growth without compensating savings;</li> <li>• the use of the Budget Support Reserves in the period 2015/19 to 'smooth' the amount of savings required accepting that even then, the magnitude of savings will present some extremely difficult decisions for the Council and may impact on frontline service provision.</li> </ul>

Factors	Commentary
	<p>It is important that work begins early in the new financial year to both implement savings identified for 2015/16 and to start developing options for the delivery of the savings. As indicated above, whilst every effort will be made to identify efficiency savings, the magnitude of savings required will necessitate some difficult decisions from Councillors in relation to future service provision.</p>
<p><b>The level of funding likely from Central Government towards the cost of local services</b></p>	<p>For 2015/16, the Council's core grant is expected to reduce by 14%; the cumulative reduction since 2010/11 is c50%. To compensate in part for these reductions the Council has received Efficiency Support Grant (ESG) funding which, with effect from 2015/16, has been factored into the Council's funding settlement.</p> <p>The Government has not provided any further indication of funding for local government beyond 2015/16. On the basis of the macro-economic position set out in both the Budget 2014 and the more recent Autumn Statement 2014, it is probable that Government funding for local government will continue to reduce significantly.</p> <p>It is expected that once a new Government is formed, a Comprehensive Spending Review will be undertaken. This is likely to be completed in Autumn 2015.</p> <p>Whilst it is not expected that the Business Rates Retention Scheme will change, irrespective of what Government is formed, there is some uncertainty about the continuation of the New Homes Bonus in its current form. The Shadow Minister for Local Government has indicated that New Homes Bonus would be scrapped under a Labour Government although it is unclear what would happen to the funding allocated to the Scheme. Currently, as with the vast majority of other Councils, the Council is using New Homes Bonus to support the delivery of Council services in lieu of the loss of Revenue Support Grant funding.</p>
<p><b>Council Tax Base</b></p>	<p>The Executive agreed a Council Tax Base of 22,617.3 Band D Council Tax properties for 2015/16 on 13<sup>th</sup> December 2014, an increase of 2% when compared to the previous year.</p> <p>The Tax Base reflects a rate of collection of Council Tax for 2015/16 of 95.8% which is no change when compared to the current financial year.</p> <p>The Council has in place robust procedures to monitor rate of Council Tax collection during the financial year.</p>

<b>Factors</b>	<b>Commentary</b>
<b>Referendum Threshold set by the Secretary of State in respect of Council Tax Increases</b>	<p>For 2015/16, the Government has indicated that any increase in Council Tax of 2% or more will trigger a referendum of local taxpayers.</p> <p>To encourage Councils to have no increase in Council Tax, a grant equivalent to 1% (£64,760) of Council Tax will be provided to those Councils that freeze Council Tax in 2015/16.</p> <p>The recommendation to the Executive and Council from Management Team is that the Council should decline the offer of grant and increase Council Tax by 1.99%.</p>
<b>The Prudential Code and its impact on capital planning (including the Corporate Capital Strategy)</b>	<p>The Council has a Corporate Capital Strategy which informs future projected capital expenditure and income. Arising out of consideration of the Corporate Capital Strategy, the Management Team has recommended to Council a Capital Programme for 2015/16 which is considered by the Head of Central and Regeneration Services (as Chief Finance Officer) to be affordable, prudent and sustainable.</p> <p>Subject to Council's decision on the overall Capital Programme and how it will be financed, it will be necessary to revisit the prudential indicators to ensure that the proposed Capital Programme remains affordable, prudent and sustainable.</p>
<b>Financial Standing (including adequacy of reserves)</b>	<p>On the basis of the most recent budget monitoring statement to the end of December 2014 the General Fund Revenue Budget for 2014/15 is likely to be underspent by c£63k. Equally, notwithstanding the deliberations of Council, the budget for 2015/16 will, in accordance with statutory requirements, be balanced.</p> <p>The Medium Term Financial Plan for the period 2015/19 shows a substantial forecast shortfall in resources. This assumes a continuing reduction in Government Grant based on the latest information available from DCLG. Given the substantial deficit on the Medium Term Financial Plan, there is a requirement for significant savings to be achieved.</p> <p>The Council has in place a strategy which combines a prudent use reserves to smooth the level of savings required in each year but nevertheless still requires Councillors to agree the necessary reductions in expenditure to the level of ongoing resources.</p>

Factors	Commentary
	<p>A review of the Council's Minimum Working Balance indicates that it should be retained at £1.250m for the foreseeable future and should, as is presently the case, be the subject of at least an annual review. Equally, a review of specific reserves has been undertaken and these are considered to be adequate for the purpose for which they were created. Again, an annual review will be undertaken to ensure the reserves are adequate.</p>
<p><b>Financial Management</b></p>	<p>The Council's financial information and reporting arrangements are considered to be sound and the end of year procedures in relation to budget management and the closure of accounts are currently fit for purpose.</p> <p>The Council's External Auditors gave an unqualified opinion on the Statement of Accounts for 2013/14 and the Annual Governance Statement was also considered to be sound. The Council also received an unqualified Value for Money opinion for 2013/14.</p> <p>The management of the Council's asset base continues to be good with resources linked to capital planning in both the annual budget and the Medium Term Financial Plan. Work on a Strategic Review of the Council's Asset has been completed and now forms the Asset Management Plan.</p> <p>Collection performance of both NNDR and Council Tax remains broadly as per targets for 2014/15. This is despite, for example, the introduction of the Localised Scheme of Council Tax Support. Collection performance continues to be managed effectively through the Partnership Steering Group operated by the Council in partnership with Liberata.</p>
<p><b>Corporate Governance and Risk Management</b></p>	<p>The Council has adopted a Local Code of Corporate Governance based upon the most recent requirements of the CIPFA/SOLACE Corporate Governance Framework.</p> <p>The Council also has an up to date Risk Management Policy and Framework. These underpin the Strategic Risk Register.</p> <p>The Corporate Governance Working Group meets at least on a quarterly basis to consider both corporate governance and risk management issues with regular reports to the Council's Executive. A Risk Management Working Group also meets on a regular basis to review the Council's operational risks.</p> <p>Also, the detailed Corporate Governance Action Plan and Strategic Risk Registers are reported to the Accounts and Audit Committee as the Committee responsible for the Council's governance arrangements.</p>

Factors	Commentary
<p><b>The adequacy of the Council's Insurance Arrangements</b></p>	<p>The Council's insurance arrangements are reviewed annually as part of the review of premiums paid. The most recent review was in March 2013 when the Council's insurance cover was re-procured although the annual renewal process provides an opportunity for the Council to ensure that adequate insurance cover is in place.</p> <p>There continue to be close links between the work to ensure adequate insurance arrangements, risk management and business continuity. This work is overseen by Financial Services via the Risk Management Working Group. The minutes of the Risk Management Working are reported to Management Team.</p>
<p><b>Business Continuity Arrangements</b></p>	<p>The Corporate Business Continuity Plan (BCP) is currently in the process of being updated. This includes an Impact Analyses for specific services. These Plans have been adopted by Management Team and, where necessary, training has been provided.</p> <p>Management Team has also previously completed Disaster Recovery exercises to test the resilience of the BCP. The most recent exercise was overseen by Risk Specialists from Zurich Municipal. Actions arising from the exercise have been identified and are being implemented.</p> <p>Whilst there have been no ICT Disaster Recovery exercises recently, plans are currently being formulated to conduct an exercise in February 2015.</p>
<p><b>Arrangements to secure Value for Money</b></p>	<p>The Council's arrangements in relation to value for money have been assessed and the External Auditor who issued an unqualified opinion on the Council's arrangements for securing value for money for 2013/14 (see report to Accounts and Audit Committee on September 2014).</p>
<p><b>Interest Rates</b></p>	<p>The Bank Rate is currently 0.5% and is expected to remain unchanged in the medium term. This has a direct impact on the levels of investment returns the Council expects to receive.</p> <p>Looking ahead, Interest returns have been set at 0.75% for 2015/16 and 2016/17 and 1% for 2017/18 although these will need to be reviewed as part of the development of the Medium Term Financial Plan. This reflects the expectation that interest rates will remain relatively stagnant in the medium term.</p>

Factors	Commentary
	<p>Interest rates on long term debt are fixed at the rate at which the debt was taken. The Council's present debt has a consolidated rate of interest of 3.5%. Interest rates on short term debt are assumed to be on average between 0.5% and 1% depending on the duration of that debt.</p> <p>Annually the Council agrees a Treasury Management Strategy which sets out how both borrowing and investments will be managed throughout the year.</p> <p>To mitigate against fluctuations in interest rates, and therefore changes in investment returns, the General Fund Minimum Working Balance includes provision for loss of income in the short term.</p>
<p><b>Pay and Price Inflation</b></p>	<p>The pay award is 2.2% for all staff with effect from January 2015 to March 2016. This is factored into the Council's budget.</p> <p>Generally, other budgets are cash limited (i.e. not increased by general inflation) with the exception of certain costs, e.g. utilities, telephones, car allowances, where budgets have been increased to reflect anticipated inflationary increases. The unitary charge payment to Liberata has been inflated in line with the agreed indexation methodology.</p> <p>At the time of writing this report, Consumer Price Inflation was 0.5% (2.0% this time last year) and the Retail Price Index was 1.6% (2.7% in December 2013). CPI is now below the target set by the Government for the Monetary Policy Committee. The expectation is that inflation could fall further and so it is unlikely that price inflation will present a significant financial risk for the Council in 2015/16.</p>
<p><b>Fees and Charges</b></p>	<p>Annually, the Council reviews its fees and charges. The outcome of the most recent review was reported to the Executive in September 2014.</p> <p>Recognising the volatility of certain income streams, there have been reviews of specific fees and charges budgets to reflect anticipated changes in volumes. These include, for example:-</p> <ul style="list-style-type: none"> <li>- Development Control</li> <li>- Building Control</li> <li>- Markets</li> <li>- Local Land Charges</li> </ul>

Factors	Commentary
	<p>As in the current financial year, the Council need to closely monitor budgets for fees and charges to ensure they remain in line with expectations and, where necessary, be in a position to respond if budgets are being achieved.</p>
<p><b>Demand Led Pressures</b></p>	<p>Where possible, the forecasts of income and expenditure forming the Council's budget estimates for 2015/16 take into account anticipated changes in demand led pressures to the extent that they can be predicted. However, by the very nature, these can vary from year to year as service take-up in these areas is difficult to forecast.</p> <p>As ever, there is the potential for a continued increase in the number of service users in areas such as Benefits and Homelessness and the extent to which the Council maintains service provision will need to be monitored carefully.</p> <p>In recommending the budget for 2015/16 to Council, the Executive also resolved that budgets should be cash limited and as a consequence Service Managers are generally required to manage demand led pressures within their existing budget allocations.</p> <p>Notwithstanding this, the Council's General Fund Minimum Working Balance includes provision to deal with some level of unexpected and unforeseen costs arising from increases in demand for services.</p>
<p><b>Emerging Pressures</b></p>	<p>The projections within the budget and the Medium Term Financial Plan include all known and quantified priorities and growth pressures that Managers are aware of at the time the budget is proposed.</p> <p>Looking ahead, as well as the continued reduction in funding for Local Government, there are a range of issues which may require investment:-</p> <ul style="list-style-type: none"> <li>• the continued push for economic growth and job creation which will result in an increase in business rates and how this might contribute towards underlying funding needs;</li> <li>• the continuing impact of the New Homes Bonus Scheme and how the Council might influence the distribution of funding;</li> <li>• the changes to the Benefits regime with the introduction of the Universal Credit and the localisation of Council Tax support;</li> </ul>

Factors	Commentary
	<ul style="list-style-type: none"> <li>• as funding for a range of external organisations ends, there may be pressure to sustain financial support for these organisations;</li> <li>• the continued impact of Auto-Enrolment into Pension Schemes;</li> <li>• the introduction of Selective Licensing in some areas of Pendle;</li> <li>• the Local Development Framework remains a key part of the national planning framework. The inspection of the Core Strategy and related planning documents later this year will require investment for which there is no base budget provision;</li> <li>• as the Council downsizes, funding will be required to meet the cost changes in the organisational structure. There is also the potential for additional costs to support the delivery of services under the new structure.</li> <li>• planned legislative changes which may increase costs. For example, implementing the requirements of the Anti-Behaviour, Crime and Policing Act may result in additional costs for the Council.</li> </ul> <p>This list is not exhaustive and there will be other issues that arise either due to local priorities or statutory obligations.</p>