

Appendix B

Budget Assumptions

The table below shows the current budget assumptions for 2015/16 and for the period of the MTFS:

	2015/16	2016/17	2017/18	2018/19	Source
General inflation	0%	0%	0%	0%	Assumed no inflation other than agreed contract changes as below
Specific Contracts	Linked to contracts				
Fees & charges – linked to fees and charges policy	2%	2%	2%	2%	Linked to Bank of England inflation target
Utilities	5%	5%	5%	5%	Based on historical trends, service knowledge and contract assumptions
Pay increase	Linked to recent pay agreement 2.2% from 1 st Jan 2015, also covers 2014/15 pay award, no back pay to 1 st April 2014	2%	2%	2%	Pay increase assumptions are subject to the national announcement – Autumn statement due December 2014
Employer’s pension contribution	23.7% SEBC 24.7% FHDC	25.7% SEBC 27% FHDC	27.7% SEBC 30% FHDC	29.7% SEBC 33% FHDC	2015/16 to 2017/18 based on actuaries latest report, 2018/19 based on previous year trend, awaiting the latest report
Impact of pension auto-enrolment	Currently all employees are budgeted for as though they were in the pension scheme				
Vacancy savings	2.5%	2.5%	2.5%	2.5%	Based on historical trends
Transport fuel	5%	5%	5%	5%	Based on historical trends, service knowledge and contract assumptions
Investment interest	0.9% SEBC 1.7% FHDC	1.5% SEBC 1.9% FHDC	2% SEBC 2.25% FHDC	2.5% SEBC 2.5% FHDC	Based on external support assumptions and treasury management strategy
Grant reduction as % of RSG – Year on year change	-24% as per provisional settlement data	-24%	-28%	-30%	Comprehensive Spending Review, but a lot of uncertainty around this figure
Council tax increase	2.0%	2.0%	2.0%	2.0%	Based on previous capping limit. Subject to Budget and Council Tax Setting process

There are limitations on the degree to which the Council can identify with certainty all of the potential changes within its medium term financial projections which is why some assumptions need to be made. It is important to remember that these financial models have been produced within a dynamic financial environment and that they will be subject to significant change over time. The Council Tax assumption is used for modelling purpose only and is subject to Full Council in February.