

BUDGET HEADING	VARIABLE	BASIS OF CORE ASSUMPTION	RANGE OF FORECASTS + EVIDENCE	CERTAINTY OF FORECASTS	EFFECT ON BUDGET	OTHER MEASURES TO MITIGATE RISK
WASTE DISPOSAL	Waste Tonnages / tonnages to landfill	3% reduction in waste arisings, 3% reduction in kerbside waste to landfill, 3% increase in kerbside recycling.	Projections for 07-08 as at October were 10%, 3% and 5% respectively based on part-year information.	Analysis of the performance measure for household waste per head of population gives a better explanation of Cumbria's figures and means that activity is better focused towards achievement of targets.	In the short term, variation in recycling rates does not affect costs much because savings in landfill tax are paid instead as landfill credits. In the longer term though, there could be implications for LATS targets. A 1% variation in the total of kerbside collected waste has approximately a £100k impact.	The strategic waste contract includes a payment mechanism to improve performance and penalise failure to meet agreed targets.
CNDR	Contract Affordability.	Core case based on bid submitted by preferred bidder. The traffic element of payment mechanism based on County Council advisor's estimate of the most likely traffic flows.	Report to 13.11.07 Cabinet illustrated the effect of traffic flow at the capped level. Previous reports and business cases have also included sensitivities illustrating effects of different interest rates, timing, and inflation assumptions.	The budget assumption reflects the preferred bidder. Traffic flow is uncertain until the scheme is complete but the payment mechanism includes a cap on the element linked to traffic flow.	The estimated effect of the maximum traffic flow (at capped level) was reported to Cabinet on 13.11.07 as £280k.	Affordability calculations include provision to set up a reserve to manage the difference between the profile of payments to the operator and the profile of grant payments. This will be reviewed over the life of the contract, but gives some scope to manage variances initially.

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OLDER ADULTS	Demographics	Estimated increase in Cumbrians aged over 65 derived from census data. Assumptions based on current mix of care provision	Commissioning plans identify the liable change in care provision as the Council's policy to support more people to live at home is implemented and consequently proportionately less people supported in residential and nursing care.	Modelling has been used for past two years giving a degree of assurance to the figures. There is however, a degree of uncertainty as there a range of factors that can influence the number of people receiving care, the type of care provided, the cost of these services and the fees and charges received from service users towards their care..	In 2008/09 the net cost for demographic growth is £524k compared to the overall net purchasing budget for older people services of £55.9 million. The net cost for each additional service user depends on the assessed care package and the level of contributions from users, but on average is about £15k per year.	The introduction of individual budgets will help in giving greater assurance as to the forecast costs for new service users in future years as has already been demonstrated within Learning Disabilities services.
WINTER MAINTENANCE	Number of treatment days	Based on rolling average from the last 3 winters. Rolling 5-year average reported to CPCWG 12.09.06 was 92 days.	From data reported to CPCWG 12.09.06 treatment days in period 1999/2000 to 2005/06 varied between 62 and 114 days.	Based on data on number of treatment days over a 7 year period.	Approximately £22k per treatment day. So 20 days plus or minus has an effect of approximately £440k.	Underspends from previous years are rolled forward into an earmarked reserve set up to smooth variances. The current balance during 2007-08 of £225k is adequate to absorb costs of 10 additional treatment days (total 102 days). Of the 7 years reported, only 2005-06 had more treatment days.
PAY AND INFLATION		Provision for pay award at 2.5% and for general non-pay budgets at 3.0%	Budget provision reflects government target for public sector pay 2.0%, and 2.5% pay award for 2007-08. Latest offer for 2008-09 is 2.45%. Provision for non-pay inflation based on forecasts of RPI(X).	Latest offer for 2008-09 is 2.45%, but not settled.	0.5% variation in pay award has an effect of approximately £0.7m. 0.5% variation in other inflation has an effect of a further £0.7m .	Different indices have been used in the budget where inflation pressures are likely to be materially different e.g. baxter indices used for waste disposal and highways budgets.

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INTEREST BUDGET	Investment Balances + rates of return.	Assumed investment returns reflect market views and views of treasury management advisors. Balances are based on budgeted assumptions. Net creditors estimated at £30m.	Estimate took account of illustrative effect of 0.25% variation in investment returns, and effect of £1m incremental difference in investment balances.	The net creditors estimate is the least certain element of the forecast because it does not flow directly from other budgeted figures. The reasonableness of the estimate has been checked against actual amounts reported in the statements of accounts in recent years.	0.25% variation in return on investments is £200k. Each £1m variation in investment balances has effect of approximately £50k.	Inclusion of £1.7m contribution to Equal Pay.