

**Cheltenham Borough Council**  
**Cabinet – 13<sup>th</sup> December 2016**  
**General Fund Revenue and Capital - Interim Budget Proposals**  
**2017/18 for Consultation**

<b>Accountable member</b>	<b>Cabinet Member for Finance, Councillor Rowena Hay</b>
<b>Accountable officer</b>	<b>Paul Jones, Section 151 Officer</b>
<b>Accountable scrutiny committee</b>	<b>Overview and Scrutiny Committee and Budget Scrutiny Working Group</b>
<b>Ward(s) affected</b>	<b>All</b>
<b>Key Decision</b>	<b>Yes</b>
<b>Executive summary</b>	<b>This report sets out the Cabinet’s interim budget proposals for 2017/18 for consultation. The budget projections have been prepared before the local government finance settlement consultation has been released which is not expected until week commencing 12<sup>th</sup> December 2016.</b>
<b>Recommendations</b>	<ol style="list-style-type: none"> <li><b>1. Approve the interim budget proposals for consultation including a proposed council tax for the services provided by Cheltenham Borough Council of £197.12 for the year 2017/18 (an increase of 2.60% or £5.00 a year for a Band D property).</b></li> <li><b>2. Approve the growth proposals, including one off initiatives at Appendix 3, for consultation.</b></li> <li><b>3. Approve the proposed capital programme at Appendix 6, as outlined in Section 7.</b></li> <li><b>4. Delegate authority to the Section 151 Officer, in consultation with the Cabinet Member for Finance, to determine and approve any additional material that may be needed to support the presentation of the interim budget proposals for consultation.</b></li> <li><b>5. Seek consultation responses by 13<sup>th</sup> January 2017.</b></li> </ol>

<b>Financial implications</b>	<p>As contained in the report and appendices.</p> <p><b>Contact officer: Paul Jones.</b></p> <p><b>E-mail: paul.jones@cheltenham.gov.uk</b></p> <p><b>Tel no: 01242 775154</b></p>
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<b>Legal implications</b>	<p>This report proposes an interim budget for consultation purposes and there are no specific legal implications at this stage.</p> <p><b>Contact officer: Peter Lewis</b></p> <p><b>E-mail: peter.lewis@teWKesbury.gov.uk</b></p> <p><b>Tel no: 01684 272012</b></p>
<b>HR implications (including learning and organisational development)</b>	<p>Building on our positive employee relations and our partnership working with the two recognised trade unions, TU representatives will receive a budget briefing at the Joint Liaison Forum on 16<sup>th</sup> December 2016.</p> <p>Dialogue with the recognised trade unions will continue in order to ensure that the any potential impact on employees, as a result of realisation of budget savings are kept to a minimum. It is the Council's aim to avoid the need for compulsory redundancies wherever possible and the Council's policies on managing change and consultation will be followed.</p> <p>The Council's policies on managing change and consultation will be followed.</p> <p>Going forward, it is important that capacity is carefully monitored and managed in respect of any reductions in staffing and reduced income streams.</p> <p><b>Contact officer: Julie McCarthy</b></p> <p><b>E-mail: julie.mccarthy@cheltenham.gov.uk</b></p> <p><b>Tel no: 01242 264355</b></p>
<b>Key risks</b>	<p>As outlined in Appendix 1</p>
<b>Corporate and community plan Implications</b>	<p>The aim of the interim budget proposals is to direct resources towards the key priorities identified in the Council's Corporate Business Plan whilst recognising the reduction in Government funding.</p>
<b>Environmental and climate change implications</b>	<p>The draft budget contains a number of proposals for improving the local environment, as set out in this report.</p>

## 1. Background

- 1.1 In accordance with the Council's Budget and Policy Framework Rules, which are part of the Council's constitution, the Cabinet is required to prepare interim budget proposals for the financial year ahead and consult on its proposals for no less than four weeks prior to finalising recommendations for the Council to consider in February 2017. This report sets out the interim proposals for 2017/18.
- 1.2 The Local Government Finance Settlement for 2013/14 marked the introduction of the new local government resource regime with a significant change in the way local authorities are financed. Under the new regime, more than 50% of the Council's Government funding comes directly from Business Rates and, as a consequence, has the potential to vary either upwards or downwards during the year. This is a key strand of the Government policy to localise financing of local authorities and brings the potential for increased risks or increased rewards.
- 1.3 The Spending Review 2015 confirmed that by the end of this Parliament, local government will retain 100 per cent of business rate revenues to fund local services although the system of top-ups and tariffs which redistributes revenues between local authorities will be retained. In return, local government will be required to take on additional responsibilities which may include the funding of public health and the administration of Housing Benefit for pensioners. The Government consulted on these and other additional responsibilities in 2016 and this Council made a formal response to that consultation.

## 2. The national funding scenario

- 2.1 On 8<sup>th</sup> February 2016, the Secretary of State for Communities and Local Government announced the final local government settlement for 2016/17. The announcement included the following significant proposals to be delivered over the life of the Spending Review Period:
  - Movement to 100% business rate retention;
  - Permission to spend 100% of capital receipts from asset sales, to fund cost-saving reforms;
  - Introduction of a social care Council Tax precept of 2% a year for those authorities with social care responsibilities;
  - Flexibility for district councils to increase council tax by £5 a year;
  - Increased support through the Rural Services Delivery Grant for the most sparsely populated rural areas;
  - Retention of New Homes Bonus **but** with proposed changes, savings from the changes to be re-invested in authorities with social care responsibilities;
  - The offer of a guaranteed 4 year budget to every council, which desires one, and which can demonstrate efficiency savings.
- 2.2 In addition to the detailed proposals for 2016/17, illustrative figures were also provided for each financial year up to 2019/20. The illustrative figures need to be treated cautiously as they do not include the full implications of proposed changes to the New Homes Bonus or implications of the move to 100% business rate retention. In the case of changes to the New Homes Bonus, the illustrative figures showed a reduction in New Homes Bonus in 2018/19, whereas the consultation document indicated that reductions may come into effect in 2017/18. For the purposes of the interim budget proposals, it is assumed that the scheme will remain unchanged in 2017/18.
- 2.3 The principles of the settlement allow authorities to spend locally what is raised locally, whilst recognising the savings already made by local government. Most noticeably, there has been a shift away from freezing council tax to using council tax to generate additional funding. Reserves are noted as being one element of an efficiency plan through a voluntary drawdown of reserves as the price for greater certainty for future settlements.

- 2.4** Local authorities were invited to submit an application for a multi-year settlement which guaranteed minimum levels of Revenue Support Grant, Transitional Grant and Rural Services Delivery Grant. In terms of business rates, tariffs and top ups for 2017/18, 2018/19 and 2019/20 will not be altered for relative needs adjustment and in the final year may be subject to the implementation of 100% business rates retention.
- 2.5** The Cabinet decided in October 2016, to submit an application for a multi-year settlement, which was supported by a 4 year efficiency plan. On 16<sup>th</sup> November 2016, the Council received formal confirmation from the Minister for Local Government that it had been accepted for a multi-year settlement. It should be noted that in applying for a multi-year settlement the Council is guaranteeing a minimum settlement allocation, not a fixed allocation.
- 2.6** Between 2009/10 and 2016/17 the Council's core funding from the Government has been cut by some £5.7 million, from £8.8 million to £3.1 million (this excludes council tax support funding which transferred into the settlement funding assessment in 2013/14).
- 2.7** The proposed levels of government funding for this Council are set out in the table below. Overall 'core' central government funding (referred to as the Settlement Funding Assessment) is set to reduce by a further 17.5% in 2017/18 with further reductions through to 2019/20.

	<b>2015/16 £m</b>	<b>2016/17 £m</b>	<b>2017/18 £m</b>	<b>2018/19 £m</b>	<b>2019/20 £m</b>
Revenue Support Grant	2.110	1.273	0.544	0.102	-
Baseline Funding (Cheltenham's target level of retained Business Rates)	2.579	2.600	2.652	2.730	2.426
<b>Settlement Funding Assessment</b>	<b>4.689</b>	<b>3.873</b>	<b>3.196</b>	<b>2.832</b>	<b>2.426</b>
Actual cash (decrease) over previous year	(0.762)	(0.816)	(677)	(364)	(406)
% cash cut	(14.0%)	(17.4%)	(17.5%)	(11.4%)	(14.3%)

## **Retained Business Rates**

- 2.8** In April 2017, a new Rating List will come into effect which will impact each business rate property in the borough and, therefore, will impact upon the value of business rates collected. Under the Retained Business Rates Scheme, this volatility is expected to be smoothed by an adjustment to the "tariff" set by central government.
- 2.9** A significant level of risk remains due to the volume of outstanding business rates appeals which are being processed by the Valuation Office. Where appeals are successful, refunds of business rates are generally repayable back to the 2010/11 financial year, which reduces the business rates yield in the year in which the refund is made. The Council has made provision for its share of the cost of outstanding appeals in its financial statements. The level of provision will be reviewed as part of preparation of the business rates estimates for 2017/18 in January 2017.

## **New Homes Bonus (NHB)**

- 2.10** The Government introduced the NHB as a cash incentive scheme to reward councils for new home completions and for bringing empty homes back into use. This provides match funding of £1,485 for each new property for six years (based on national average for band D property – i.e. £8,910 per dwelling over six years), plus a bonus of £350 for each affordable home (worth £2,100 over six years).
- 2.11** Funding is not ring-fenced and is designed to allow the 'benefits of growth to be returned to communities'. Funding is split 80:20 between district and county authorities, although it is now recognised that the funding from this scheme comes from top sliced Revenue Support Grant (RSG), which has reduced significantly over the years to compensate for the NHB payments.
- 2.12** In the case of changes to the New Homes Bonus, the illustrative figures showed a reduction in New Homes Bonus in 2018/19, whereas the consultation document indicated that reductions would come into effect in 2017/18. The interim budget proposals assume the changes will take effect from 2018/19 as this will potentially link in with the changes proposed for 100% business rates retention. There is a risk, however, that the final settlement may result in some changes to the NHB scheme in 2017/18 as pressure grows for additional funds to be redirected towards social care provision.
- 2.13** The amount of NHB used to fund the base budget was capped at £1.75 million in 2016/17, with the excess Bonus (c. £0.400 million) contributing to the Council's New Initiatives Fund, deferred REST savings, the Community Pride scheme and other one-off supported growth schemes. The interim budget proposals for 2017/18 maintain the capped amount of £1.75 million.
- 2.14** For 2018/19 onwards, it is assumed that NHB of c. £1.9 million will be payable. This value reflects: the scale of housing development expected in the Borough; that Bonus will be awarded for 4 years rather than the current 6 years; and provides for the introduction of some further changes to the scheme which could reduce the value of Bonus payable to the Council. Once details of the changes to the NHB scheme are announced, further modelling will be carried out to estimate the value of the bonus to the Council. The final value of NHB will be confirmed in the final budget proposals presented to Council in February 2017.

## **Parish Council Support Grant**

- 2.15** The Local Council Tax Support (LCTS) scheme operates in a similar way to discounts, such as for empty properties or single person occupiers. Rather than being accounted for as a benefit cash payment, the council tax base is reduced. Whilst this has no impact for the individual council tax payer, a lower council tax base reduces the tax yield to this Council, Gloucestershire County Council, Police and Crime Commissioner for Gloucestershire and parish councils. To offset this impact, the Government paid a cash grant to all local authorities. The element of grant attributable to town and parish councils is paid to the billing authority (i.e. this Council). It is for each billing authority to agree with its parish councils any mechanism for paying over a share of the overall grant paid to the billing authority.
- 2.16** For 2013/14 through to 2016/17, the value of grant awarded to the 5 parish councils for LCTS was £10,269. Funding for Local Council Tax Support was "rolled" in to the Revenue Support Grant and the Retained Business Rates Baseline Funding Position. As Government funding reduces, the Council is under increasing pressure to reduce the funding available for Local Council Tax Support available to the parish councils. However, in order to give parish councils a degree of financial stability and give them the assurance they need to set their own precepts, once again it is not proposed to pass on any reductions in 2017/18, although it is likely reductions will commence in 2018/19.

## **Council Tax**

- 2.17** For the period 2010 to 2015 the Council had frozen its council tax at £187.12 a year for a Band D taxpayer. In taking this course of action, the Cabinet had borne in mind the difficult economic and financial climate that many of our residents were facing. However, during the period of the freeze our own financial position as a Council has deteriorated sharply. Our core Government funding has been cut drastically, with further large cuts to come. In addition, inflation has continued to affect many areas of the Council's costs, which resulted in council tax being increased by £5 in 2016/17 to £192.12 for a Band D taxpayer.
- 2.18** Government legislation, through the Localism Act, requires councils proposing excessive rises in council tax to hold a local referendum allowing the public to veto the rise. The referendum threshold for council tax increases is proposed at 2 per cent for all local authorities, as in 2016/17. However, shire districts will be allowed increases of up to and including £5, or up to 2 per cent, whichever is higher
- 2.19** Consumer price inflation is not a particularly useful guide to what is happening to the Council's costs. The most significant cost to this Council is in respect of its employee related costs – and in this area of expenditure, some very considerable cost increases are on the way. Pay awards are assumed to be in the region of 1% per annum and employer pension contributions are increasing by c. £400k cumulatively per annum.
- 2.20** With this in mind, the Cabinet has had to consider what level of increase in council tax is sustainable, without creating an increased risk of service cuts and/or larger tax increases in the future.
- 2.21** The uncertainty surrounding the future of New Homes Bonus, which represents a significant proportion of our income, and the actual final local government settlement which is not likely to be announced until January 2017, could place a number of our discretionary services at risk.
- 2.22** Therefore, at this stage the Cabinet is proposing a 2.60% increase in council tax in 2017/18; an increase of £5.00 for the year for a Band D property.

## **Collection Fund**

- 2.23** At this point in time, it is estimated that the Council's share of the Collection Fund surplus for 2017/18 is £128,000. Collection fund surpluses arise from higher than anticipated rates of collection of the council tax collection rates and the Council's actual share will be confirmed within the final budget proposals presented to Council in February 2017.

## **3. The Cabinet's general approach to the 2017/18 budget**

- 3.1** In the current exceptionally difficult national funding situation, the Cabinet's overriding financial strategy has been, and is, to drive down the Council's costs. The Cabinet's aim is to hold down council tax as far as possible, while also protecting frontline services.
- 3.2** The Cabinet's budget strategy for 2017/18, approved at a meeting on 11<sup>th</sup> October 2016, included an estimate of £1.721m for the 2017/18 budget gap i.e. the financial gap between what the Council needs to spend to maintain services (including pay and price inflation) and the funding available assuming a 17.5% cut in government support.
- 3.3** The final assessment of the budget gap for 2017/18, based on the detailed budget preparation undertaken over recent months and the assumed financial settlement is £1.929m which takes into account the following variations:

- Additional council tax through increased taxbase £24k
- Reduction in recycling income £141k
- Supported growth proposals in 2016/17 £30k
- Additional staff related costs including pensions and apprentice levy £61k

**3.4** The key aims in developing the approach to the budget were to:

- Do everything possible to protect frontline services with a modest increase in council tax
- Identify savings that can be achieved through reorganisation of service delivery or raising additional income rather than through service cuts

**3.5** In preparing the interim budget proposals, the Cabinet and officers have considered the following:

- Prepared a budget projection under a general philosophy of no growth in services unless there is a statutory requirement or a compelling business case for an 'invest to save' scheme. The full list of proposals for growth, including one off initiatives, is included in Appendix 3.
- Provided for inflation for contractual, statutory, and health and safety purposes at an appropriate inflation rate where proven.
- Budgeted for pay inflation at 1% for 2017/18.
- Budgeted for an increase in Members allowances of 1% for 2017/18.
- Budgeted for superannuation increases in accordance with the triennial review 2016 which were in line with those forecast in October 2016 for the financial years 2017/18 and 2018/19.
- In April 2017, the Apprenticeship Levy will be introduced at 0.5% of the pay bill. The aim of the levy is to encourage growth in the number of Apprenticeships available nationally. The Council will be able to use some of the Levy to off-set apprentice training costs. The cost to the Council is estimated to be £10,000 per annum and has been built into the base budget.
- Increased income budgets for the Cemetery and Crematoria and Green Waste assuming an average increase in fees and charges of 2.0%. There is a further proposal to increase Green Waste charges to £42 per annum with a £3 early discount being offered to all customers who renew their subscription early.
- All other fees and charges, including car park charges, are subject to annual review by the REST management team. A target of £50k per annum has been established as part of the savings strategy approved to deliver a balanced budget.
- Assessed the impact of prevailing interest rates on the investment portfolio, the implications of which have been considered by the Treasury Management Panel.

**3.6** As in previous years, the budget for the coming year is the result of a great deal of activity and hard work by officers and members throughout the year. The Cabinet has worked with the Executive Board to develop a longer term strategy for closing the funding gap and this is monitored regularly. The Cabinet's interim budget proposals for closing the budget gap in 2017/18, which are the result of this work, are detailed in Appendix 4, split into:

- Decisions already made by Cabinet/Council totalling £150,500 in savings or additional income.
- Proposals yet to be agreed by Council which are not built into the base budget, totalling £1,187,300. They comprise £787,300 of efficiency savings and additional income and an one-off voluntary repayment holiday on Delta Place of £400,000 to support the base budget.

- 3.7** The Bridging the Gap programme and the commissioning process have helped the Council to move towards a robust four-year strategy for closing the funding gap. The work done on leisure and culture services, shared services with partner councils, management restructuring and the accommodation strategy, as well as a number of smaller pieces of work, give the Council the opportunity to think ahead over a period of several years, rather than planning its budgets a year at a time.
- 3.8** In determining the budget strategy in October 2015, the Section 151 Officer recommended the creation of a specific earmarked reserve: a 'budget strategy (support) reserve', to provide greater resilience. This reserve secures the Council against short-term challenges which we know we will encounter in the coming years. One of these financial challenges is a drop in business rates income estimated due to redevelopment, with income levels recovering as development goes 'live' in 2017/18 and 2018/19. Another is the delay in securing car park income of £350k a year from the North Place development. These short-term challenges require a short-term response and it is therefore the Cabinet's intention to meet the projected shortfall in funding of £865k in 2017/18 from the budget strategy (support) reserve rather than by cuts in services or increases in charges which would have a long-term impact.

## **4. Treasury Management**

- 4.1** Appendix 2 summarises the budget estimates for interest and investment income activity. Security of capital remains the Council's main investment objective.
- 4.2** Investment interest rates have reduced and will probably remain very low in the medium term until there is more economic certainty following Brexit. Returns from traditional fixed term cash deposits are minimal so growth will need to be from alternative investment sources such as investment in property assets.
- 4.3** Whilst the reduction in interest rates in August 2016 has resulted in a shortfall in investment interest, this has been offset by a reduction in temporary borrowing costs and reducing the interest payable to the Housing Revenue Account (HRA). With this in mind, for 2017/18 interest and investment income activity is assumed to remain broadly consistent with that now projected for 2016/17.

## **5. Reserves**

- 5.1** Section 25 of the Local Government Act 2003 requires the Chief Financial Officer (Section 151 Officer) to comment upon "the robustness of the estimates and the adequacy of the reserves for which the budget provides". This review forms part of the formal budget setting report presented to Council in February 2017. A projection of the level of reserves to be held at 31<sup>st</sup> March 2017 and 31<sup>st</sup> March 2018 respectively is detailed in Appendix 5.
- 5.2** The Cabinet is proactive in strengthening reserves when appropriate and necessary through the use of underspends and one-off income. It is therefore recommended that any future underspends or fortuitous windfalls are earmarked for transfer to either general balances or the budget strategy (support) reserve.

## **6. Capital Programme**

- 6.1** The interim capital programme for the period 2016/17 to 2019/20 is set out at Appendix 6.
- 6.2** The strategy for the use of its capital resources is led by our corporate priorities. The existing programme includes sums for infrastructure investment to be funded from the Civic Pride reserve and capital receipts and the construction of new homes through Cheltenham Borough Homes. It also includes the allocations agreed by the Council in April 2015 to facilitate the redevelopment to



the Town Hall and the Crematorium, the redevelopment of the Shopfitters site, a new play facility at Pittville Park and an earmarked contribution to public realm works at Boots Corner.

- 6.3** In addition, subject to Full Council approval on 12<sup>th</sup> December 2016, the interim capital programme sets aside an allocation of £10m for enhancing its property portfolio with the aims of delivering economic growth and regeneration.

## **7. Property Maintenance Programme**

- 7.1** The interim budget proposals include the 2017/18 property maintenance programme, which has been reviewed by the Asset Management Working Group, and the budget includes a revenue contribution of £600k to planned maintenance as detailed in Appendix 7.

## **8. Reasons for recommendations**

- 8.1** As outlined in the report.

## **9. Alternative options considered**

- 9.1** The Cabinet has considered many alternatives in arriving at the interim budget proposals. Opposition groups will be able to suggest alternative budget proposals for consideration by Council in February 2017.

## **10. Consultation and feedback**

- 10.1** The formal budget consultation on the detailed interim budget proposals will be over the period **14<sup>th</sup> December 2016 to 13<sup>th</sup> January 2017**. The Cabinet will seek to ensure that the opportunity to have input into the budget consultation process is publicised to the widest possible audience. During the consultation period, interested parties including businesses, tenants, residents, staff and trade unions will be encouraged to comment on the initial budget proposals. They will be asked to identify, as far as possible, how alternative proposals complement the Council's Business Plan and Community Plan and how they can be financed. The Overview and Scrutiny Committee will be invited to review the interim budget proposals in the meeting scheduled for January 2017 and any comments will be fed back to the Cabinet.
- 10.2** Whilst the Cabinet will be as flexible as possible, it is unlikely that any comments received after the consultation period can be properly assessed to consider their full implications and to be built into the budget.
- 10.3** All comments relating to the initial budget proposals should be returned to the Section 151 Officer by the end of the consultation period for consideration by the Cabinet in preparing their final budget proposals. Consultation questionnaires will be available in key locations and for completion on line via the council's website. Comments can be e-mailed to **[moneymatters@cheltenham.gov.uk](mailto:moneymatters@cheltenham.gov.uk)**.
- 10.4** It is important that any political group wishing to make alternative budget proposals should discuss them, in confidence, with the Section 151 Officer (preferably channelled through one Group representative) to ensure that the purpose, output and source of funding of any proposed change is captured.
- 10.5** Given the financial pressures and the potentially very difficult decisions which will have to be made, it is very important that there is time for members to carefully consider and evaluate any alternative budget proposals. Political groups wishing to put forward alternative proposals are not obliged to circulate them in advance of the budget-setting meeting, but in the interests of sound

and lawful decision-making, it would be more effective to do so, particularly given that they may have implications for staff.

## 11. Performance management – monitoring and review

- 11.1** The scale of budget savings will require significant work to deliver them within the agreed timescales and there is a danger that this could divert management time from delivery of services to delivery of savings. There are regular progress meetings to monitor the delivery of savings and this will need to be matched with performance against the corporate strategy action plan to ensure that resources are used to best effect and prioritised.
- 11.2** The delivery of the savings workstreams included in the interim budget proposals, if approved by full Council will be monitored by the Budget Scrutiny Working Group.

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<b>Appendices</b>	<ol style="list-style-type: none"> <li>1. Risk Assessment</li> <li>2. Summary net budget requirement</li> <li>3. Growth</li> <li>4. Savings / additional income</li> <li>5. Projection of reserves</li> <li>6. Capital programme</li> <li>7. Programmed Maintenance programme</li> </ol>
<b>Background information</b>	<ol style="list-style-type: none"> <li>1. Budget Strategy and Process 2017/18 report to Cabinet 11<sup>th</sup> October 2016.</li> </ol>

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	I	L	Score	Control	Action	Deadline	Responsible Officer	Transferred to risk register
CR3	If the Council is unable to come up with long term solutions which close the gap in the medium term financial strategy then it will find it increasingly difficult to prepare budgets year on year without making unplanned cuts in service provision.	Cabinet	01/09/2010	5	3	15	Reduce	The budget strategy projection includes 'targets' for work streams to close the funding gap which aligns with the council's corporate priorities. This includes a target for cuts to services / activities amongst other work streams to deliver a balanced budget across the MTFS.	Ongoing	Chief Finance Officer	01/09/2010
CR105	If the Budget Deficit (Support) Reserve is not suitably resourced insufficient reserves will be available to cover anticipated future deficits resulting in the use of General Balances which will consequently fall below the minimum required level as recommended by the Chief Finance Officer in the council's Medium Term Financial Strategy	Chief Finance Officer	01/04/2016	4	3	12	Reduce	The MTFS is clear about the need to bolster reserves and identifies a required reserves strategy for managing this issue. In preparing the budget for 2017/18 and in ongoing budget monitoring, consideration will continue to be given to the use of fortuitous windfalls and potential future under spends with a view to strengthening reserves whenever possible.	Ongoing	Chief Finance Officer	
CR107	If the government's technical consultation	Chief Finance	01/04/2016	5	3	15	Reduce	The response to the government's	Ongoing	Chief Finance Officer	

	New Homes Bonus – Sharpening the Incentive leads to a reduction for the payment period from 6 to 4 years then this could have an estimated negative financial impact of between £1.5m and £1.8m, impact on the planning process affecting the ability to approve new developments in a timely manner and impact on the council's ability to deliver core frontline services.	Officer						consultation has been submitted and the MTFS assumes a use of NHB that could be supported with 4 years rather than 6 years of NHB provided new development proceeds in line with forecasts.			
	If funding streams including New Homes Bonus, Business Rates and Revenue Support grant do not meet expectations or are reduced further then the budget gap may increase above current projections.	Chief Finance Officer	28/09/12	4	4	16	Reduce	Both NHB and Business Rates are subject to government consultations – both of which have been responded to by the council. MTFS projections are based on current intelligence and the risks around both income streams are articulated within the main body of the MTFS. Section 151 Officer will update Cabinet with latest information during the budget process and continue to take a prudent view of income levels used in budget projections.	Ongoing	Chief Finance Officer	

1.02	If income streams from the introduction of the business rates retention scheme in April 2013 are impacted by the loss of major business and the constrained ability to grow the business rates in the town then the MTFS budget gap may increase.	Chief Finance Officer	14/09/12	4	3	12	Accept & Monitor	<p>The Council joined the Gloucestershire pool to share the risk of fluctuations in business rates revenues retained by the Council.</p> <p>The Gloucestershire S151 Officers continue to monitor business rates income projections and the performance and membership of the pool.</p> <p>Work with members and Gloucestershire LEP to ensure Cheltenham grows its business rate base.</p>	Ongoing	Chief Finance Officer	
1.03	If the robustness of the income proposals is not sound then there is a risk that the income identified within the budget will not materialise during the course of the year.	Chief Finance Officer	15/12/10	3	3	9	Reduce	<p>Robust forecasting is applied in preparing budget targets taking into account previous income targets, collection rates and prevailing economic conditions.</p> <p>Professional judgement is used in the setting / delivery of income targets.</p> <p>Greater focus on cost control and income generation will be prioritised to mitigate the risk of income fluctuations.</p>	Ongoing	Chief Finance Officer	

1.04	If when developing a longer term strategy to meet the MTFS, the Council does not make the public aware of its financial position and clearly articulates why it is making changes to service delivery then there may be confusion as to what services are being provided and customer satisfaction may decrease.	Director of Resources	15/12/10	3	3	9	R	As part of the delivery of the BtG / commissioning programmes a clear communication strategy is in place. In adopting a commissioning culture the council is basing decisions on customer outcomes which should address satisfaction levels.	Ongoing	Communications team to support the BTG programme	
1.05	If the Council does not carefully manage the commissioning of services then it may not have the flexibility to make additional savings in the MTFS and a greater burden of savings may fall on the retained organisation	Head of Paid Service	15/12/10	3	3	9	Reduce	Contracts, SLAs and other shared service agreements will need to be drafted and negotiated to ensure that there is sufficient flexibility with regards to budget requirements	Ongoing	Chief Finance Officer	
1.07	If the assumptions around government support, business rates income, impact of changes to council tax discounts prove to be incorrect, then there is likely to be increased volatility around future funding streams.	Chief Finance Officer	13/12/10	4	4	16	Reduce	Work with GOSS and county wide CFO's to monitor changes to local government financing regime including responding to government consultation on changes to New Homes Bonus and Business Rates.	Ongoing	Chief Finance Officer	