Cheltenham Borough Council

Cabinet – 11th July 2017

Council – 24th July 2017

Financial outturn 2016/17 and budget monitoring to June 2017

Accountable member	**Councillor Rowena Hay, Cabinet Member for Finance**
Accountable officer	**Paul Jones, Section 151 Officer**
Accountable scrutiny committee	**All**
Ward(s) affected	**All**
Key Decision	**No**
Executive summary	In accordance with financial rule A11.3, the Section 151 Officer is responsible for providing regular reports to the Cabinet on the Council's finances and financial performance. This report highlights the Council's financial performance for the previous year which sets out the General Fund and Housing Revenue Account (HRA) revenue and capital outturn position for 2016/17. The information contained within this report has been used to prepare the Council's Statement of Accounts for 2016/17. Financial rule B10.1 states that carry forward of planned underspend of revenue budgets into the following financial year will only be allowed with the agreement of the Section 151 Officer, in order to meet the needs of approved service delivery. Financial rule B10.3 states that all other carry forward requests, including budget underspends that have been carried forward in previous financial years, will be subject to full Council approval at the financial outturn meeting held after the year end. The Council's Treasury Management Policy requires the Section 151 Officer to report to members annually, by the 30th September, on the treasury management activities and prudential indicators for the previous financial year. This report also seeks to meet this requirement.
Recommendations	**We therefore recommend that Cabinet approve the following recommendations to Council:** **1. That Council receives the financial outturn performance position for the General Fund, summarised at Appendix 2, and notes that services have been delivered within the revised budget for 2016/17 resulting in a saving (after carry forward requests) of £571,443.** **That furthermore Council:** **2. Approves £80,000 of carry forward requests (requiring member approval) at Appendix 5.** **3. Approve the use of the budget saving of £571,443 as detailed in Section 3.** **4. Approve the suspension of voluntary debt repayments to support existing commitments and future budget proposals as**

detailed in Section 3.

5. **Notes the annual treasury management report at Appendix 7 and approve the actual 2016/17 prudential and treasury indicators.**

6. **Approves Investments in corporate bonds in respect of Green Investment Bonds increased to a maximum of 5 years with a monetary value limit of £2m as detailed in Section 5.**

7. **Notes the capital programme outturn position as detailed in Appendix 8 and approve the carry forward of unspent budgets into 2017/18 (section 7).**

8. **Notes the position in respect of Section 106 agreements and partnership funding agreements at Appendix 9 (section 9).**

9. **Notes the outturn position in respect of collection rates for council tax and non-domestic rates for 2016/17 in Appendix 10 (section 10).**

10. **Notes the outturn position in respect of collection rates for sundry debts for 2016/17 in Appendix 11 (section 11).**

11. **Receives the financial outturn performance position for the Housing Revenue Account for 2016/17 in Appendices 12 to 13 and approves the carry forward of unspent budgets into 2017/18 (section 12).**

12. **Notes the budget monitoring position to the end of June 2017 (section 13).**

Financial implications	As detailed throughout this report. **Contact officer: Paul Jones, paul.jones@cheltenham.gov.uk, 01242 775154**
Legal implications	None directly arising from the report recommendations. **Contact officer: Peter Lewis, Peter.Lewis@tewkesbury.gov.uk, 01684 272012**
HR implications (including learning and organisational development)	Employee capacity must be kept under review to ensure that any additional work is adequately resourced. If budget pressures mean monies for additional resource is not permissible a review of current projects and service delivery options will need to take place. **Contact officer: Julie McCarthy , Julie.mccarthy@cheltenham.gov.uk, 01242 264355**
Key risks	As outlined in Appendix 1.
Corporate and community plan Implications	Key elements of the budget are aimed at delivering the corporate objectives in the Corporate Business Plan.

Environmental and climate change implications	None.

1. Background

1.1 This report draws together the financial outturn position for 2016/17 for the General Fund and Housing Revenue Account (HRA) revenue and capital budgets, details reserve movements, summarises requests for carry forward of budgets approved by the Section 151 Officer under delegated powers and those requiring member approval and makes recommendations in respect of the use of the budget saving.

1.2 In accordance with financial rule A11.3, the Section 151 Officer is responsible for providing regular reports to the Cabinet on the Council's finances and financial performance.

1.3 A summary of the actual General Fund outturn position by service is contained in Appendix 2.

1.4 A summary of the outturn position by cost centre within each service is contained in Appendix 3. Information is presented in the same format as used in the draft statement of accounts (i.e. reported by Council's Directorate), in accordance with the CIPFA Code of Practice 2016/17.

2. General Fund Revenue Outturn 2016/17

2.1 The budget monitoring report to the end of December 2016, considered by Cabinet on 7th February 2017, projected an underspend for the year of £110,737. The Cabinet made recommendations to full Council at the budget setting meeting for the use of this underspend which was approved in February 2017 and formed part of the revised budget for 2016/17. It was agreed at that meeting that a contribution of £110,737 be made to the Budget Strategy (Support) Reserve.

2.2 The continued impact of the changes in government funding arrangements and the economic climate present particular concerns for the Council's budgets moving forward. Given the proposed front-loaded cuts in Revenue Support Grant (RSG) and New Homes Bonus (NHB) in the future, the Section 151 Officer recommended that any future underspends or fortuitous windfalls are earmarked for transfer to either general balances or the budget strategy (support) reserve. It was therefore recommended that any further underspend identified on outturn be transferred firstly to the Budget Strategy (Support) Reserve and secondly to support general balances, bearing in mind the need to keep the level of reserves robust and the uncertainty surrounding future budget funding gaps, as outlined in the Council's Medium Term Financial Strategy (MTFS) and the Cabinet budget setting report dated 24th February 2017.

2.3 It is therefore pleasing to report that the Council has delivered services within the resources available, resulting in a budget saving, after carry forward requests, of £571,443 against the revised budget. This saving has been transferred to the Budget Strategy (Support) Reserve pending decisions over its use in 2017/18 and future years.

2.4 A number of savings are the result of delays or slippage in carrying out particular tasks which are still necessary and will need to be completed in the 2017/18 financial year. Where this applies, requests for carry forwards are documented in Appendix 5 to this report.

2.5 A full explanation of all variances that exceed £50,000 is contained within Appendix 4.

3. MTFS and making use of revenue budget savings

3.1 The Government's policy of phasing out revenue support grant and in due course potentially

allowing councils to benefit from a higher share of business rates creates a need for this Council to develop a long-term strategy which is significantly different from that followed in past years. Since 2013 the Council has had a direct financial interest in economic and business growth in the town, and will have a larger stake in it under the Government's proposals for reforming business rates.

3.2 However, by not including the Local Government Finance Bill in the Queen's Speech, the Government has given a very strong indication that it will not be proceeding with 100% business rates retention, at least not yet. There are suggestions that the Government is going to have a re-think about business rate retention, and this may or may not result in 100% retention.

3.3 The omission of the Local Government Finance Bill from the legislative programme, leaves the plans for business rates retention in limbo and creates greater uncertainty for future funding settlements. The Department for Communities and Local Government have stated that the Government is committed to delivering the manifesto pledge to help local authorities control more of the money they raise and will work closely with local government to agree the best way to achieve this.

3.4 In addition to the above, Members will recall the late changes to the New Homes Bonus calculation, through the introduction of a 0.4% baseline target, had significant financial consequences for this Council.

3.5 From 2018/19 onwards, it was assumed that NHB of c. £1.8 million would be payable. This value reflected: the scale of housing development expected in the Borough; that the Bonus would be awarded for 4 years rather than the current 6 years; and provided for the introduction of a 0.25% baseline target. Despite over 80% of respondents objecting to a baseline target being introduced, the Government not only introduced it, but increased it to 0.4%. Cheltenham is penalised on this methodology compared to many shire districts as it has a 'higher' starting point in terms of the number and value of existing properties and therefore has to deliver significantly more homes above the baseline to achieve similar levels of NHB compared to a rural authority starting with fewer, lower value properties, despite having considerably less development land, as recognised within the Joint Core Strategy.

3.6 The actual impact of these changes for Cheltenham, based on the illustrative figures for future funding allocations released last year, equate to a reduction in funding of c. £580k in 2017/18; c. £435k in 2018/19 and c. £650k in 2019/20.

3.7 The 2017/18 budget, agreed by Full Council on 24th February 2017 made full use of the New Homes Bonus, a total of £1.750m, to support the 2017/18 revenue budget. It was anticipated that New Homes Bonus income in excess of this figure would be kept in reserve or put towards this Council's contribution to the 2020 Vision Programme as agreed in February 2015. The Council therefore, made a commitment to earmarking future underspends and windfall income to achieving this outcome, in addition to looking for alternative ways of adding to its reserves.

3.8 The Medium Term Financial Strategy, approved by Cabinet in October 2016, set a target underspend of £350,000 in 2016/17. In light of the above, the Cabinet is proposing to the Council that we use the full budget saving totalling £571,443 to strengthen our budget strategy (support) reserve'.

Strengthening our reserves

3.9 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 will help to secure the Council against short-term challenges which we know we will encounter in the coming years such as the one-off drop in business rates income due to redevelopment, and the delay in securing car park income of £350k a year from the North Place development.

3.10 Strengthening the Budget Strategy (Support) Reserve will give the Council more flexibility to

pump-prime projects and initiatives which will deliver future savings at a time when we are facing such severe and ongoing cuts to our spending power.

3.11 The balance on this reserve as at 31st March 2017 is £2,034,053 which includes the "top-up" identified above in 3.8. The 2017/18 approved budget relies on the drawdown of £882,205 from this reserve in 2017/18 leaving a balance of £1,151,848 which will give the Council time to work up its strategy for delivering substantial savings over the next 2 year period.

Local Government Association (LGA) Peer Review

3.12 In April 2017, the Section 151 Officer met with a former Section 151 Officer appointed through the LGA to undertake a peer review of our finances and strategy. Overall the feedback was extremely positive, although a number of challenges were made which the Section 151 Officer has considered prudently.

3.13 The main challenges were surrounding the use of revenue to part fund the capital programme and the use of voluntary debt repayments. With current interest rates being low, the challenge was to model extended lending periods on major capital schemes such as the crematoria project.

3.14 Members will recall that when the Council purchased Delta Place, the Section 151 Officer determined to pay additional voluntary debt repayments of £400k per annum from the current rental stream. Whilst this was a prudent decision at the time, the short-term challenges that the Council faces suggest that this rental stream would be better placed to support the revenue budget.

3.15 The Section 151 Officer has re-modelled the business case for Delta Place, based on our revised future occupancy requirement. This confirms that the rental stream previously used to finance voluntary debt repayments are better served to support the budget proposals in 2018/19 and 2019/20. The Section 151 Officer will keep this under constant review to ensure that this decision is not affected by the property rental market.

3.16 In making this decision, retrospectively from 2016/17, this has enabled the Council to honour its commitments to the 2020 Vision Programme as identified in 3.7 above via a contribution to the New Initiatives earmarked reserve.

4. Budget carry forward requests

4.1 At the year end, a number of budget holders requested 'carry forward' of unspent budgets. Requests fall into two categories and have been dealt with as follows:

4.2 Some requests are in respect of goods and services ordered but not received by 31st March 2017. Some relate to items of expenditure not yet incurred due to slippage in work programmes but still planned to be spent in line with the original intention of the budget. Others are amounts of grant funding which have been allocated but not yet been taken up by their intended beneficiaries. In line with previous practice, these have been reviewed by the Executive Board and approved by the Section 151 Officer, under delegated powers (financial rule B10.1). A list of the approved carry forward of budgets totalling £296,700, for which expenditure is in line with the original approved purpose, is contained in Appendix 5. In accordance with the Service Reporting Code of Practice (SeRCOP), a transfer was made to a 'carry forward' reserve in 2016/17 (Appendix 6) and transfers will be made from the 'carry forward' reserve in 2017/18 to the appropriate cost centres in order that members and officers have a clear indication of the total budget, including carry forwards, available for 2017/18.

4.3 Some requests have been made to carry forward an underspend to be used in a different way to that for which the budget was originally intended. Since this falls outside the budget set by Council in February 2016, their alternative use requires council approval (financial rule B10.3). The list contained in Appendix 5, totalling £80,000, has been reviewed and supported by the Executive Board and now requires council approval.

5. Treasury Management / Prudential Indicators

5.1 Treasury Management in Local Government is governed by the CIPFA Code of Practice on Treasury Management in the Public Services. This Council has adopted the code and complies with its requirements, one of which is the receipt by Cabinet and Council of an Annual Review Report after the financial year end. The detailed treasury report, as approved by the Treasury Management Panel at its meeting on 5th June 2017, is attached at Appendix 7.

5.2 The prudential indicators have been monitored regularly and there were no material departures from the indicators arising during the year. The outturn indicators are reported to Cabinet and Council as part of the capital and treasury management outturn in accordance with the arrangements determined at the February 2016 council meeting.

5.3 There have been significant investments from Local Authorities in the Solar Energy markets over recent years and several opportunities have arisen for the council to invest in these types of bonds which are asset based and used as security. Investments can be made between 1 and 5 years yielding circa 4% per annum. Currently the council has approved the use of Corporate Bonds in its 2017/18 Investment Strategy however these can only be invested up to two years with a limit of £2m.

5.4 Recommendation is now made following consultation with members of the Treasury Management Panel on the 5th June 2017 to increase this to a maximum of 5 years but only in relation to Green Investment Bonds although the monetary value limit will remain at £2m. Before any investment purchase is made due diligence will be required and Capita, the council's treasury advisors will also be consulted.

6. Business Rates Retention Scheme (BRRS)

6.1 One of the key documents in the budget setting process is the estimate of business rates yield which is reported in the National Non Domestic Rates return (NNDR1) which is submitted to the Department for Communities and Local Government (DCLG). The NNDR1 return was submitted to DCLG by the deadline of 31st January 2016 and the budget was based on the figures within that return.

6.2 The table below reflects the actual performance against the revised budget with an overall positive variance of £206,839 when taking into account the pool surplus distribution.

	Revised Budget	**Actual**	**Variance**
Redistributed Business Rates	(22,342,773)	(22,335,990)	6,783
Tariff	19,238,880	19,243,334	4,454
Share of Collection Fund Surplus	1,029,503	1,029,503	-
Retained Business Rates	**(2,074,390)**	**(2,063,153)**	**11,237**
Section 31 Grants	(571,729)	(574,163)	(2,434)
Levy paid over to Government	442,020	315,043	(126,977)
Retained Income	**(2,204,099)**	**(2,322,273)**	**(118,174)**
Pool Surplus distribution	(183,380)	(272,045)	(88,665)
Total	**(2,387,479)**	**(2,594,318)**	**(206,839)**

6.3 A transfer of £215,643 has been made to the Business Rates Retention Equalisation reserve in respect of the additional pool surplus distribution and the reduction in levy paid over to the Government. This will be used to fund future budget gaps which arise as a result of the accounting arrangements for the Retained Business Rates Scheme as reported to Cabinet / Council previously.

7. Capital Outturn 2016/17

7.1 The outturn position in respect of General Fund capital is contained in Appendix 8. Members are asked to note the outturn position and, where there is slippage, approve the carry forwards into 2017/18 requested by officers.

7.2 A full explanation of all variances that exceed £100,000 is contained within Appendix 4.

8. Reserves

8.1 The Section 151 Officer has, under delegated powers (financial rule B11.4), authority to make transfers to and from these operational reserves in accordance with the intention of the reserve as determined by the Council's Reserves Policy and Protocol. The transfers approved by the Section 151 Officer for 2016/17 are set out in the outturn performance position schedules at Appendix 2 and 3.

8.2 Appendix 6 also details the reserves held by the Council, states their purpose and indicates the balance at 31st March 2017. In setting the budget for 2017/18 a review of reserves was undertaken to assess whether the levels were appropriate and in line with the policy for reserves and balances; and also whether they took into account the needs and risks of the organisation and the prevailing economic conditions. At the year end this process has been repeated.

8.3 In assessing the adequacy of reserves and balances for 2017/18 the Section 151 Officer used a risk based approach to assess the appropriate level of general balances which calculated the optimum level to be £1.286m. At the year end, the General Fund Balance stands at £1.359m and therefore remains above the optimum level recommended by the Section 151 Officer.

8.4 An assessment of the Council's earmarked reserves has been made in line with the fiduciary duty of the Section 151 Officer at the year end. Accepting that the front-loaded cuts to core government funding could leave the council exposed without clear decision-making in delivering a balanced budget, the level of reserves appears adequate at this point in time and no other changes are currently recommended. However, it is important to make Members aware of the following points.

8.5 The current Medium Term Financial Strategy (MTFS) supports all windfalls and underspends being earmarked towards the Budget Strategy Support Reserve (BSSR).

8.6 Given the risks arising from Business Rates volatility, both through appeals and the future proposals for full business rates retention, it should be noted that wherever possible, the Business Rates Retention Equalisation Reserve should also be strengthened to mitigate these risks.

9. Section 106 receipts

9.1 A position statement in respect of the activity of Section 106 receipts is contained in Appendix 9.

9.2 The following summarises the activity in respect of Section 106 for 2016/17, compared to 2015/16.

	2015/2016	2016/2017
Balance of unused Section 106 receipts	1,801,684	2,076,509
Net additional receipts in year	526,611	813,191
Receipts used to finance projects in year	(251,786)	(701,942)
Balance outstanding at year end	2,076,509	2,187,758

10. Council tax and business rates collection

10.1 The monitoring report for the collection of council tax and business rates (NNDR) income is shown in Appendix 10. This shows the position at the end of March 2017. Business rates and council tax collection has exceeded all targets in 2016/17. This is an excellent achievement by the Revenues Team who have worked hard throughout the year to get bills out, collect payment and chase overdue balances.

11. Sundry debt collection

11.1 The monitoring report for the collection of sundry debt income is shown in Appendix 11. This shows the position at the end of March 2017.

12. Housing Revenue Account (HRA)

HRA income and expenditure

12.1 The revised budget for the HRA, presented to Council in February 2017, anticipated a net increase to revenue reserves of £135,000 leaving a balance of £6,176,111 at 31st March 2017.

12.2 The outturn statement at Appendix 12 shows a net increase for the year of £826,444, a positive variance of £691,444, increasing revenue reserves to £6,867,555 at year end**.**

12.3 An explanation of variances exceeding £50,000 is shown below:-

Detail	£'000
Reduced spend on repairs & maintenance arising from efficiency savings and lower demand	65
Revenue contribution to capital outlay – reduced requirement reflects lower capital expenditure and use of alternative funding sources	663
Other net variances	(37)
Total Variance	**691**

Major Repairs Reserve (Appendix 13)

12.4 In accordance with regulations this reserve is funded by sums equivalent to the depreciation provision and can be used to finance HRA capital expenditure.

HRA Capital Programme (Appendix 13)

12.5 Appendix 13 shows actual spend of £11,255,207 compared to the revised forecast of £11,538,100, an underspend of £282,893. The programme includes a number of projects where

expenditure plans span financial years and are delivered through more than one contract. Where delays are incurred, for example through extended consultation with leaseholders, Cheltenham Borough Homes seek opportunities for advancing other projects within overall available funding. Costs remain controlled at both contract and project level. Significant variations from revised budget are shown below:-

Project	Revised Budget	Actual	Variation	Reason for Variation
	£'000	**£'000**	**£'000**	
Improvements to electrical infrastructure in sheltered schemes	174	24	150	Project deferred pending review of sheltered housing

12.6 Having reviewed contract commitments and the proposed programme for the current year the amount of rolled forward funding to be earmarked for additional spend in 2017/18 is estimated at £157,700.

13. 2017/18 Revenue and Capital budget monitoring to June 2017

13.1 Due to the pressures of the year end process a detailed monitoring exercise has not been undertaken at this point in the year. However, the following significant variances have been identified by service managers at this stage.

13.2 Salary Vacancies

The council carries a salary vacancy target saving of £375,500 per annum allocated to individual service areas and achieved via staff turnover or vacant posts being held open.

A review of salary underspend against this target for the first three months of the financial year shows that this target is likely to be delivered, although this will be carefully monitored throughout the year.

13.3 Car Parking - Income

Car parking income to the end of June is around £50k up against profiled budgets. Should this trend continue annual income received will exceed budget. However, this is a volatile area and will continue to be monitored, with further financial updates provided during the course of the financial year.

13.4 Cemetery & Crematoria - income

Cemetery & Crematoria income to the end of June is around £64k up against profiled budgets as a result of increased volumes of activity. Should this trend continue throughout the year, it is estimated that there will be a net surplus against budget of around £200k in 2017/18.

14. Section 151 Officer advice

14.1 The Government expects councils to make a significant contribution to reducing the national budget deficit and the Council will continue to face unprecedented public sector funding cuts over the next few years. Future budgets will contain some difficult decisions and may require some sources of 'one off' finance to enable savings to be delivered through efficiency savings and cost / staffing reductions. In this situation, any opportunity to fund future investment requirements from one-off sources rather than impacting on future year's budgets should be taken.

14.2 The Local Government Association has said that any reforms to business rates must change the process for appeals against property valuations in order to protect councils from “speculative” reviews. In its submission to the Treasury’s business rates review, the umbrella group of local authorities said that the current regime, whereby councils had to meet any refunds following successful appeals, undermines local services. It exposes councils to financial risk even though the property valuations themselves were undertaken by the independent Valuation Office Agency.

14.3 In agreeing the recommendations in this report, members need to be mindful of the prevailing challenging financial climate and in view of the budget pressures already potentially facing the Council in the current year to ensure that any carry forwards recommended for approval (even those for which the Section 151 Officer has the delegation to approve) are the most effective use of scarce resources.

15. Conclusion

15.1 The outturn position for 2016/17 demonstrates that, despite another challenging year, the Council has managed to deliver services within budget. There are number of windfall income streams from car parking, crematoria, investment properties and development control applications which Officers are currently reviewing to conclude whether they are sustainable to meet future budget proposals.

15.2 If approved, the carry forward requests will assist in the delivery of corporate objectives, help to complete projects started in 2016/17 and support initiatives which help to bridge the medium term funding gap.

15.3 Members should note that the outturn position has been used to prepare the Statement of Accounts for approval by the Audit Committee in September 2017.

16. Consultation

16.1 Appropriate members and officers were consulted in the process of preparing the outturn position and associated reports and accounts.

Report author	**Contact officer: Paul Jones, Section 151 Officer** **paul.jones@cheltenham.gov.uk, 01242 775154**

Appendices	1. Risk assessment 2. Summary outturn performance position - General Fund 3. Service level outturn performance position - General Fund 4. Significant variances 5. Carry forward requests 6. Movement on earmarked reserves and general balances 7. Annual Treasury Management review 8. Capital programme - General Fund 9. Section 106 receipts statement 10. Council tax and NNDR collection 11. Sundry debt collection 12. HRA Operating account 13. HRA Capital programme and Major Repairs Reserve
Background information	1. Section 25 Report – Council 12th February 2016 2. Final Budget Proposals for 2016/17 – Council 12h February 2016 3. Budget Strategy and MTFS – Cabinet 11th October 2016

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	4	20	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. As a result of the changes to the New Homes Bonus the Cabinet are reviewing the strategy for closing the revised funding gap which may require larger cuts to services to those which were forecast in October 2016.	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	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	Ongoing	Chief Finance Officer	

	recommended by the Chief Finance Officer in the council's Medium Term Financial Strategy							continue to be given to the use of fortuitous windfalls and potential future under spends with a view to strengthening reserves whenever possible.			
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	The Council joined the Gloucestershire pool to share the risk of fluctuations in business rates revenues retained by the Council. The Gloucestershire S151 Officers continue to monitor business rates income projections and the performance and membership of the pool. Work with members and Gloucestershire LEP to ensure Cheltenham grows its business rate base.	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	Robust forecasting is applied in preparing budget targets taking into account previous income targets, collection rates and prevailing economic conditions. Professional judgement is used in the setting / delivery of	Ongoing	Chief Finance Officer	

								income targets. Greater focus on cost control and income generation will be prioritised to mitigate the risk of income fluctuations.			
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.	Chief Finance Officer	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. The	Ongoing	Chief Finance Officer	

								assumptions regarding government support have been mitigated to a certain extent by the acceptance of a multi-year settlement agreement.			
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 December 2012	4	4	16	R	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 Office	